Calendar No. 741

100TH CONGRESS *2d Session*	SENATE	REPORT 100–389

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION BILL, 1989

JUNE 20, 1988.—Ordered to be printed

Mr. BURDICK, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 4784]

The Committee on Appropriations, to which was referred the bill (H.R. 4784) making appropriations for Rural Development, Agriculture, and Related Agencies programs for the fiscal year ending September 30, 1989, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

TOTAL OBLIGATIONAL AUTHORITY, FISCAL YEAR 1989

Amount of bill as passed by the House	$44,139,155,000
Amount of change by Senate Committee	3,147,244,000
Amount of bill as reported to Senate	47,286,399,000
Amount of 1988 appropriations acts to date	56,181,106,000
Amount of estimates, 1989	46,641,098,000
The bill as reported to the Senate:	
Under the appropriations provided in 1988	8,894,707,000
Over the estimates for 1989	645,301,000
Over the House bill	3,147,244,000

S183-6.

BREAKDOWN BY TITLE

The amounts of obligational authority for each of the five titles are shown in the following table. A detailed tabulation, showing comparisons, appears at the end of this report. Recommendations for individual appropriation items, projects and activities are carried in this report under the appropriate item headings.

	1988	1989 Committee recommendation
Title I: Agricultural programs	$23,871,233,000	$12,548,630,000
Title II: Rural development and assistance programs	10,365,112,000	12,445,200,000
Title III: Domestic food programs	16,450,370,000	16,241,114,000
Title IV: International programs	1,158,608,000	1,205,819,000
Title V: Related agencies	510,379,000	744,453,000
Total, new budget (obligational) authority	52,355,702,000	43,185,216,000
Transfers from section 32	3,825,404,000	4,101,183,000
Total obligational authority	56,181,106,000	47,286,399,000

COMPLIANCE WITH SECTION 308 OF THE BUDGET CONTROL ACT

Section 308(a) of the Budget Control Act (Public Law 93–344) requires that this Committee include in its report specific budgetary information on the status of recommended appropriations relative to the First Concurrent Resolution. The following table provides these data:

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1989: Subcommittee on Agriculture, Rural Development and Related Agencies	35.92	[1]44,660	29.83	[2]29,353
Projections of outlays associated with budget authority recommended in the bill:				
1989				[3]25,947
1990				3,529
1991				214
1992				106
1993 and future year				−307
Financial assistance to State and local governments for 1989 in the bill		9,421		8,172
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1989	6,348	5,833	2,867	3,619

[1] Includes section 32 permanent appropriation plus an amount for the Commodity Credit Corporation that is not scored as budget authority under section 302 of the Budget Act.

[2] Includes outlays from prior-year budget authority.

[3] Excludes outlays from prior-year budget authority.

CONTENTS

SUMMARY OF THE BILL

Page

Overview and summary of the bill 5

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

Office of the Secretary 7
Office of the Assistant Secretary for Special Services 9
Office of the Assistant Secretary for Administration 9
Rental payments, USDA 10
Building operations and maintenance 11
Advisory committees, USDA 11
Departmental administration 13
Office of the Assistant Secretary for Governmental and Public Affairs 16
Office of Governmental and Public Affairs 16
Office of the Inspector General 17
Office of the General Counsel 18
Office of Assistant Secretary for Economics 19
Economic Research Service 19
National Agricultural Statistics Service 20
World Agricultural Outlook Board 21
Office of Assistant Secretary for Science and Education 21
Agricultural Research Service 22
Cooperative State Research Service 30
Extension Service 39
National Agricultural Library 42
Office of the Assistant Secretary for Marketing and Inspection Services 43
Animal and Plant Health Inspection Service 44
Food Safety and Inspection Service 50
Federal Grain Inspection Service: Inspection and weighing services 51
Agricultural Cooperative Service 51
Agricultural Marketing Service 53
Office of Transportation 56
Packers and Stockyards Administration 56

FARM INCOME STABILIZATION

Office of the Under Secretary for International Affairs and Commodity Programs 57
Agricultural Stabilization and Conservation Service 57
Dairy Indemnity Program 59

CORPORATIONS

Federal Crop Insurance Corporation 59
Commodity Credit Corporation 61
    General Sales Manager 63

TITLE II—RURAL DEVELOPMENT PROGRAMS

RURAL DEVELOPMENT ASSISTANCE

Page
Office of the Under Secretary for Small Community and Rural Development 64
Farmers Home Administration 64
Rural Electrification Administration 84

CONSERVATION

Office of the Assistant Secretary for Natural Resources and Environment 91
Soil Conservation Service 91
Agricultural Stabilization and Conservation Service 98

TITLE III—DOMESTIC FOOD PROGRAMS

Office of the Assistant Secretary for Food and Consumer Services 103
Food and Nutrition Service 103
Human Nutrition Information Service 118

TITLE IV—INTERNATIONAL PROGRAMS

Foreign Agricultural Service 120
Public Law 480 124
Office of International Cooperation and Development 126
    Scientific activities overseas (Special Foreign Currency Program) 127

TITLE V—RELATED AGENCIES

Food and Drug Administration 130
Commodity Futures Trading Commission 135
Farm Credit Administration 136

TITLE VI—GENERAL PROVISIONS

General provisions 138

OVERVIEW AND SUMMARY OF THE BILL

The Agriculture, Rural Development, and Related Agencies appropriations bill provides funding for a wide array of Federal programs, mostly in the U.S. Department of Agriculture [USDA]. These programs include agricultural research and extension activities, a variety of conservation programs, farm income and commodity price support programs, a number of marketing and inspection activities, several domestic food programs, and the various export and international activities of USDA. The rural development title of the bill includes funding levels for Farmers Home Administration and Rural Electrification Administration programs. The bill also provides funding for the Food and Drug Administration and the Commodity Futures Trading Commission, and establishes a limitation on the administrative expenses of the Farm Credit Administration and the Farm Credit System Assistance Board. The bill also provides money to the Department of the Treasury for payments to the Farm Credit System Financial Assistance Corporation.

Given the budgetary constraints that the Committee faces, the bill as reported provides the proper amount of emphasis on agricultural and rural development programs. It is within the subcommittee's 302(b) allocation and funds high priority programs in the full amount necessary despite what the President may have requested.

Many popular programs that were proposed for elimination or significant reduction by the President, have been restored. Several examples include the extension programs, agricultural research programs, rural electrification loan levels, conservation cost-share programs, and the Farmers Home Administration rural development and rural housing grant and loan programs. The increase over the President's budget of $645,301,000 is primarily due to these restorations.

The nutrition programs are funded to the full extent necessary to meet current estimates of participation and need. Significant increases over the 1988 level are included for the feeding program for women, infants, and children [WIC], Food and Drug Administration programs, including AIDS research and education, and the Nutrition Assistance for Puerto Rico Program.

The Committee has also provided a Public Law 480 program level that will carry on the 1988 program level. The President's budget proposed decreases for this program.

As reflected on the front page of this report, the Committee's recommendation is below the fiscal year 1988 level by $8,894,707,000. This reduction is largely due to a reduction in the estimated losses realized by the Commodity Credit Corporation of over $11,000,000,000 offset by an increase in reimbursements to the Farmers Home Administration revolving funds of $1,300,000,000, and an increase in the Conservation Reserve Program of $733,000,000.

Not reflected on the table in the beginning of the report, or throughout the report, is a 2-percent cut in domestic discretionary programs adopted by the Committee in order for the bill to be in compliance with the 302(b) allocation for the Subcommittee on Agriculture, Rural Development, and Related Agencies.

All accounts in the bill have been closely examined to ensure that an appropriate level of funding is provided to carry out the programs of USDA, FDA, CFTC, and Farm Credit System agencies. Details on each of the accounts, the funding level, and the Committee's justifications behind the funding levels are included in the report.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

1988 appropriation	$1,466,000
1989 budget estimate	[1] 1,762,000
House allowance	1,762,000
Committee recommendation	1,762,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Secretary of Agriculture, assisted by the Deputy Secretary Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This includes developing policy, maintaining relationships with agricultural organizations and others in the development of farm programs, and maintaining liaison with the Executive Office of the President and Members of Congress on all matters pertaining to agricultural policy.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201–2202). The delegation of regulatory functions to Department employees and authorization of appropriations to carry out these functions is contained in 7 United States Code 450c–450g.

COMMITTEE RECOMMENDATIONS

For the Office of the Secretary, the Committee recommends an appropriation of $1,762,000. This amount is $296,000 more than the 1988 appropriation and the same as the budget request and the House level. The Committee continues the practice of appropriating funds for the Under and Assistant Secretaries in separate accounts.

CRP TREE PLANTING

The Committee notes that the Department of Agriculture has set a goal of 12.5 percent for tree plantings in the Conservation Reserve Program [CRP], which was authorized by the Food Security Act [FSA] of 1985. To date, over half of the 45 million acres authorized for the CRP have been acquired. Nevertheless, based on the first six signups, only about 6 percent of the CRP lands are being planted to trees.

The Committee recognizes and commends the fact that USDA attempted to provide more incentives for tree planting in the sixth signup. However, the Committee believes that additional steps are needed to reach the 12.5-percent goal. To this end, the Committee directs the Secretary of Agriculture to expand eligibility further for the CRP by waiving the erosion eligibility criteria for cropland in the Mississippi Delta region with the stipulation that it be planted to trees, or any other action to meet the 12.5-percent tree planting goal. This waiver can be accomplished through the Secretary's authority under section 1231(c)(2) of FSA because farming certain delta lands, which are, in fact, wetlands, may create an off-farm threat to the environment.

The Committee notes the wide disparity in CRP acres planted to trees among different regions of the country. In attempting to reach the 12.5 percent, the Secretary is directed to concentrate his efforts in those States that are currently below the goal. For example, the percentage of CRP acres planted to trees in North Dakota is 0.04 percent.

The Committee is aware of the North Dakota Centennial Trees Project which proposes to plant 100,000,000 trees in the State in the next decade. The CRP is an ideal mechanism to encourage additional tree plantings, and the Secretary is directed to use his authorities and best efforts to help North Dakota meet its goal. In this light, the Committee directs the Secretary to establish a separate bidding process for land that would be protected by rows of trees, but would otherwise continue to be farmed. This option should be available to land that is not currently eligible for the CRP, but which could still offer substantial erosion reductions if protected.

Additionally, the Secretary is encouraged to offer a bonus or increase the cost share for the planting of trees in States where the costs are considerably higher than the cost of planting grass.

TENNESSEE WALKING HORSE

The Tennessee Walking Horse is a vital part of our heritage, and the well-being of the animal is in everyone's best interest. The Secretary of Agriculture has demonstrated his interest in protecting the Tennessee Walking Horse and assisting the industry in complying with new rules and regulations. However, in order to provide a more orderly transition to the new rules regarding pads, an extension of 40 days should be granted for the use of 3-inch pads. A 40-day extension would mean that 3-inch pads could be used until September 9, 1988, versus the present cutoff date of July 31, 1988.

INVESTIGATION OF LARGE PAYMENTS

1988 appropriation	$100,000
1989 budget estimate	
House allowance	
Committee recommendation	

COMMITTEE RECOMMENDATIONS

For investigations of large payments, the Committee recommends no appropriation. $100,000 was provided in 1988. No appropriation was proposed in the budget request nor by the House.

OFFICE OF THE DEPUTY SECRETARY

1988 appropriation	$321,000
1989 budget estimate	[1] 363,000
House allowance	363,000
Committee recommendation	363,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

COMMITTEE RECOMMENDATIONS

For the Office of the Deputy Secretary, the Committee recommends $363,000, the same as the budget request and the House level, and $42,000 more than the 1988 level.

OFFICE OF THE ASSISTANT SECRETARY FOR SPECIAL SERVICES

1988 appropriation	$416,000
1989 budget estimate	....
House allowance	150,000
Committee recommendation	....

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Special Services, the Committee recommends no appropriation. This amount is $416,000 less than the 1988 amount, $150,000 less than the House and the same as the budget request.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

1988 appropriation	$498,000
1989 budget estimate	[1] 467,000
House allowance	467,000
Committee recommendation	467,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Administration directs and coordinates the work of the departmental staff in carrying out the laws enacted by the Congress relating to accounting functions, real and personal property management, automated data processing, personnel management, development and dissemination of departmental information resources management, and other general administrative functions. In addition, the Office of the Assistant Secretary is responsible for all activities financed under the Department Working Capital Fund (7 U.S.C. 2235).

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Administration, the Committee recommends an appropriation of $467,000, $31,000 less than the amount for 1988, and the same as the budget request and the House level.

RENTAL PAYMENTS, USDA

1988 appropriation	$49,665,000
1989 budget estimate	56,407,000
House allowance	50,659,000
Committee recommendation	50,659,000

This appropriation was established by the Agriculture, Rural Development and Related Agencies Appropriations Act of 1983 (Public Law 97–370) to finance the appropriated portion of the payments to the General Services Administration [GSA] for rental of leased space and related services to all USDA agencies except the Forest Service which is funded in another appropriation bill.

Agency budget estimates for Rent are based on GSA's projection of what it will charge the agency in a given budget year. GSA sets rates according to the market value of property or space occupied, and independent of any agency input. Rent receipts are placed in a fund used by GSA in the management of its real property operations. All Federal Government agencies utilizing Government-owned or leased property pay into this fund, which provides GSA with a pool of capital to support overall Government space needs. In effect, agencies are paying prevailing commercial rental rates in order to subsidize the inflated cost of new construction and newly leased space, and to provide for vacant space in GSA's inventory.

COMMITTEE RECOMMENDATIONS

For USDA rental payments, the Committee recommends an appropriation of $50,659,000, $994,000 more than was provided in 1988, $5,748,000 less than the budget request, and the same as the House level. Included in this amount are funds for the management of security services.

The Committee concurs with the House language permitting the Secretary of Agriculture to transfer a share of this appropriation to or from an agency's appropriation and expects such transfers to occur only when moves are necessary or when space is vacated in favor of commercial space.

The Committee has amended section 621 of the general provisions to provide user fee programs the same treatment as appropriated accounts with respect to space rental and related costs.

BUILDING OPERATIONS AND MAINTENANCE

1988 appropriation	$20,024,000
1989 budget estimate	22,429,000
House allowance	21,297,000
Committee recommendation	21,297,000

On October 1, 1984, the General Services Administration [GSA] delegated the operations and maintenance function for the buildings in the D.C. complex to the Department. This activity provides departmental staff and support services to operate, maintain, and repair the five buildings in the D.C. complex. GSA expanded the delegation to include two additional buildings on October 1, 1986. One building is the Government-owned warehouse for forms in Lanham, MD, and the other is a leased warehouse for the excess property operation located at 49 L Street, SW, Washington, DC. GSA retains responsibility for major nonrecurring repairs.

COMMITTEE RECOMMENDATION

For building operations and maintenance, the Committee recommends an appropriation of $21,297,000. This amount is $1,273,000 more than the 1988 level, the same as the House level, and $1,132,000 less than the budget request.

ADVISORY COMMITTEES

1988 appropriation	$1,308,000
1989 budget estimate	2,294,000
House allowance	1,494,000
Committee recommendation	1,494,000

The Department of Agriculture and several of its agencies utilize advisory committees to provide supplemental and specialized expertise. These advisory committees are comprised of experts and professionals from the academic and private sectors. The Assistant Secretary for Administration is the principal Department officer responsible for performing functions and coordinating activities of these committees.

The following table displays advisory committees that are proposed for fiscal year 1989:

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)

Policy area and committee title	1989 estimated	
	Membership	Funds
FOOD AND CONSUMER SERVICES		
National Advisory Council on Child Nutrition	19	$34,962
National Advisory Council on Maternal, Infant, and Fetal Nutrition	21	31,039
National Advisory Council on Commodity Distribution	11	56,617
Dietary Guidelines Advisory Committee	9	60,000
Total	60	182,618

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)—Continued

	1989 estimated	
Policy area and committee title	Membership	Funds
SCIENCE AND EDUCATION		
National Agricultural Research and Extension Users Advisory Board	25	$215,900
National Arboretum Advisory Council	16	12,534
Human Nutrition Board of Scientific Counselors	13	27,334
National Plant Genetic Resources Board	17	21,738
Policy Advisory Committee for Science and Education Research Grants Program	16	20,200
Animal Health Science Research Advisory Board	12	20,100
Cooperative Forestry Research Advisory Council	16	31,200
Committee of Nine	9	32,800
Agriculture Biotechnology Research Advisory Committee	13	117,700
Total	137	499,506
MARKETING AND INSPECTION SERVICES		
Federal Grain Inspection Services Advisory Committee	12	54,466
National Advisory Committee on Meat and Poultry Inspection	27	26,197
National Advisory Committee on Microbiological Quality Standards for Food	20	25,000
Advisory Committees on:		
Foreign Animal and Poultry Diseases	19	25,796
Swine Health Protection	21	13,354
National Advisory Committee on Cotton Marketing	16	36,000
General Conference Committee of the National Poultry Imp. Plan	10	7,000
Plant Variety Protection Board	15	6,923
National Animal Damage Control Advisory Committee	20	31,606
Total	160	226,342
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS		
Agricultural Policy Advisory Committee for Trade	24	14,170
Technical Advisory Committees for Trade in:		
Cotton	11	13,135
Fruits and Vegetables	23	13,135
Grain and Feed	14	14,170
Livestock and Livestock Products	18	14,170
Oilseeds and Oilseed Products	12	13,135
Poultry and Eggs	17	13,135
Tobacco	8	13,135
Dairy Products	17	13,135
Sweetners	12	13,135
Agribusiness Promotion Council	30	23,700
National Advisory Committee on Futures and Options Trading	13	30,800
Total	199	188,955
SMALL COMMUNITY AND RURAL DEVELOPMENT		
National Advisory Council on Rural Development	30	90,960
National Commission on Agriculture and Rural Development Policy	(1)	200,000
ECONOMICS		
National Agricultural Cost of Production Standards Review Board	11	31,000

See footnote at end of table.

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)—Continued

Policy area and committee title	1989 estimated	
	Membership	Funds
DEPARTMENTAL ADMINISTRATION		
Citizen's Advisory Committee on Equal Opportunity	20	$73,066
New requirements and contingencies		1,553
Total, advisory committees	617	1,494,000

[1] Committee is in the process of being established.

COMMITTEE RECOMMENDATIONS

For advisory committees for the Department of Agriculture, the Committee recommends an appropriation of $1,494,000. This amount is $186,000 more than the appropriation for fiscal year 1988, the same as the House level, and $800,000 less than the budget estimate.

HAZARDOUS WASTE MANAGEMENT

1988 appropriation	$2,000,000
1989 budget estimate	10,000,000
House allowance	5,000,000
Committee recommendation	5,000,000

Under the Comprehensive Environmental Response, Compensation, and Liability Act and the Resource Conservation and Recovery Act, the Department has the responsibility to meet the same standards regarding the storage and disposition of hazardous waste as private businesses. The Department is required to contain, cleanup, monitor, and inspect for hazardous waste in areas covered by the Department or within departmental jurisidction.

COMMITTEE RECOMMENDATIONS

The Committee recommends $5,000,000 for hazardous waste management. This amount is $3,000,000 more than the 1988 level, $5,000,000 less than the budget request, and the same as the House amount.

The increase over 1988 is provided to insure the Department's compliance with environmental laws. In fiscal year 1989, the Department's program will move toward completion of site identification, expand the number of site assessments and perform cleanup or containment activities at some sites.

DEPARTMENTAL ADMINISTRATION

1988 appropriation	$25,004,000
1989 budget estimate	26,542,000
House allowance	25,862,000
Committee recommendation	25,922,000

The departmental staff offices provide staff support to the top policy officials of the Department and overall direction and coordination of the work of USDA's program agencies to ensure the efficient and effective management and operation of the Department.

Activities carried out by the departmental staff offices include:

—Overall direction and administration of the Department's budgetary functions including development, presentation, execution control, reporting, and adjustment of funds and manpower resources; evaluation of program and legislative proposals for program, budget, and related resource implications; and analysis of program and resource issues and alternatives, and preparation of summaries of pertinent data to aid departmental policy officials and agency program managers in the decisionmaking process;

—Departmental leadership, oversight, and policy development in the areas of real and personal property, procurement, contracts, financial affairs, management improvement, and automated data processing;

—Guidance in and support of the personnel management program of the Department;

—Overall leadership and coordination for the Department's programs for equal opportunity and civil rights; implementation and administration of programs under sections 8 and 15 of the Small Business Act; and direction of the Department's efforts to further the participation of minority colleges and universities in departmental programs; direction and monitoring of compliance in promoting full and open competition in procurement;

—Departmental leadership, development, and evaluation of programs in finance, accounting, Federal assistance, occupational safety and health, travel, productivity improvement, management improvement; and provision of budget, accounting, and fiscal services to the Office of the Secretary and Departmental staff offices;

—Administration of regulatory hearings and decisions by the administrative law judges who hold rulemaking and adjudicatory hearings and issue initial decisions and orders, and by the judicial officer who serves as final deciding officer in regulatory proceedings;

—Development and dissemination of departmental information resources management [IRM] standards, guidelines, rules, and regulations necessary to implement approved IRM principles, policies, and programs that improve the operational effectiveness of USDA's programs; provision of telecommunications and automated data processing [ADP] services to USDA agencies and staff offices;

—Development of policies and procedures to minimize and control burdens associated with collection of information by the Department from individuals, businesses, and other private institutions, and State and local governments;

—Development of policies and procedures to provide required long-range IRM planning for the Department and to guide the planning of its agencies; and

—Development of policies and procedures for the required review, monitoring, and oversight of major agency and departmental information resources management programs.

—Development of policies and procedures for USDA's proportional share of the communications system being developed as part of the National Security and Emergency Preparedness Program. Participation in the NCS is required under National Security Directive 201 of December 1985.

COMMITTEE RECOMMENDATIONS

For departmental administration, the Committee recommends an appropriation of $25,922,000. This amount is $918,000 more than the amount provided in 1988, $620,000 less than the budget estimate, and $60,000 more than the House level.

The appropriation concurs with the House recommendations for the Office of Personnel for the EEO counseling pilot program and the Department of Agriculture's share of the National Communication System. Also, the Committee provides an increase for support services for the administrative law judges.

WORKING CAPITAL FUND—CAPITALIZATION

1988 appropriation	$5,708,000
1989 budget estimate	6,000,000
House allowance	5,708,000
Committee recommendation	4,708,000

The USDA Working Capital Fund was authorized in 1944 by 7 United States Code 2235 and is used to finance services provided to USDA agencies on a centralized basis. Under the law, only activities approved by the Director of OMB may be carried out under the fund.

The fund received an initial appropriation of $400,000 in 1944. Over the years additional working capital has been made available through initial transfers as activities were brought into the fund and through congressional authorizations to receive growth capital from serviced USDA agencies. Working Capital Fund operations are financed by charging user agencies the actual costs of providing the centralized services they require. The following services are performed for the agencies and financed through the Working Capital Fund: central supply and other central services; reproduction services; motion picture, photographic, and other visual information services; National Finance Center activity; and automated data processing [ADP] services.

COMMITTEE RECOMMENDATIONS

For additional capital for the Working Capital Fund, the Committee recommends an appropriation of $4,708,000. This amount is $1,292,000 less than the budget request, and $1,000,000 less than the amount available in fiscal year 1988 and the House level.

The Committee concurs with the House by including a general provision which provides that accumulation of growth capital shall not exceed $2,000,000 and stipulates that no funds appropriated to an agency shall be transferred to the working capital fund without the approval of the agency administrator.

OFFICE OF THE ASSISTANT SECRETARY FOR GOVERNMENTAL AND PUBLIC AFFAIRS

1988 appropriation	$347,000
1989 budget estimate	[1] 408,000
House allowance	408,000
Committee recommendation	408,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Governmental and Public Affairs serves as the central organization to insure consistency and coordination of the Department's public information and external affairs activities, to maintain liaison with the Congress and White House on legislative matters, and to maintain liaison with State and local governments.

COMMITTEE RECOMMENDATION

For the Office of the Assistant Secretary for Governmental and Public Affairs, the Committee recommends an appropriation of $408,000. This amount is $61,000 more than the amount available in 1988 and is the same as the budget estimate and the House level.

OFFICE OF GOVERNMENTAL AND PUBLIC AFFAIRS

PUBLIC AFFAIRS

1988 appropriation	$7,700,000
1989 budget estimate	7,940,000
House allowance	7,826,000
Committee recommendation	7,940,000

The Public Affairs Office provides direction, leadership, and balance in the development and delivery of useful information through all media to the public on USDA's research, educational, and regulatory activities. It also serves as the focal point for liaison between the Department and the public, including the many associations and companies representing America's food and fiber system, with emphasis on policy education.

COMMITTEE RECOMMENDATIONS

For the Public Affairs Office, the Committee recommends an appropriation of $7,940,000. This amount is $240,000 more than the amount provided in 1988, the same as the budget estimate, and $114,000 more than the House level. The recommended level includes up to $500,000 for the 1989 Yearbook of Agriculture.

CONGRESSIONAL RELATIONS

1988 appropriation	$497,000
1989 budget estimate	500,000
House allowance	497,000
Committee recommendation	500,000

The Congressional Relations Office maintains liaison with the Congress and the White House on legislative matters of concern to the Department and exercises responsibility for the coordination of all congressional matters except budgetary affairs of the Department.

COMMITTEE RECOMMENDATIONS

For the Congressional Relations Office, the Committee recommends an appropriation of $500,000, which is $3,000 more than the 1988 amount, the same as the budget estimate, and $3,000 more than the House level.

INTERGOVERNMENTAL AFFAIRS

1988 appropriation	$476,000
1989 budget estimate	479,000
House allowance	476,000
Committee recommendation	479,000

The Intergovernmental Affairs Office directs and coordinates all programs involving the implementation of USDA policies and procedures applicable to the Department's intra- and intergovernmental affairs.

COMMITTEE RECOMMENDATIONS

For the Intergovernmental Affairs Office, the Committee recommends an appropriation of $479,000, which is $3,000 more than the 1988 amount, the same as the budget request, and $3,000 more than the House level.

OFFICE OF THE INSPECTOR GENERAL

1988 appropriation	$48,795,000
1989 budget estimate	51,442,000
House allowance	49,541,000
Committee recommendation	51,442,000

The Office of the Inspector General [OIG] was established by law October 12, 1978, by the Inspector General Act of 1978. This act expanded and provided specific authorities for the activities of the Office of the Inspector General which had previously been carried out under the general authorities of the Secretary of Agriculture.

The inspector general:

—Provides policy direction and conducts, supervises, and coordinates all audits and investigations;

—Reviews existing and proposed legislation and regulations and makes recommendations to the Secretary and Congress regarding the impact such initiatives will have on the economy and efficiency of the Department's programs and operations, and the prevention and detection of fraud and abuse in such programs;

—Recommends policies for and conducts, supervises, or coordinates other activities in the Department whose purposes are to promote economy and efficiency or prevent and detect fraud and abuse;

—Recommends policies for and conducts, supervises, or coordinates relationships between the Department and other Federal, State, and local government agencies concerning: (*a*) promoting economy and efficiency; (*b*) preventing and detecting fraud and abuse; and (*c*) identifying and prosecuting people involved in fraud or abuse; and

—Keeps the Secretary and the Congress fully and currently informed about fraud, other serious problems, abuses, and deficiencies in Department programs and operations, recommends corrective action, and reports on the progress made in correcting the problem.

COMMITTEE RECOMMENDATIONS

For the Office of the Inspector General, the Committee recommends an appropriation of $51,442,000. This amount is $2,647,000 more than the amount available in 1988, the same as the budget request, and $1,901,000 more than the House level.

OFFICE OF THE GENERAL COUNSEL

1988 appropriation	$18,734,000
1989 budget estimate	23,064,000
House allowance	20,594,000
Committee recommendation	21,079,000

The Office of General Counsel was established in 1910, and the General Counsel, as chief law officer of the Department, is responsible for providing legal services for all programs, operations, and activities of the Department. The General Counsel is assisted by a Deputy General Counsel and four Associate General Counsels, each of whom is responsible for a portion of the legal work of the Department. The functions of this office are performed in the Washington office and in 22 field offices.

The field offices handle legal work relating to the activities of the Agricultural Stabilization and Conservation Service, Commodity Credit Corporation, Farmers Home Administration, Federal Crop Insurance Corporation, Forest Service, Soil Conservation Service, and the Food and Nutrition Service. By delegation of the General Counsel, legal work relating to other programs and activities of the Department may be handled by a field office.

COMMITTEE RECOMMENDATIONS

For the Office of the General Counsel, the Committee recommends an appropriation of $21,079,000. This amount is $2,345,000 more than the amount provided in 1988, $1,985,000 less than the budget request, and $485,000 more than the House level.

OFFICE OF THE ASSISTANT SECRETARY FOR ECONOMICS

1988 appropriation	$484,000
1989 budget estimate	[1] 447,000
House allowance	447,000
Committee recommendation	447,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Economics provides direction and coordination in carrying out the laws enacted by the Congress in the area of economics, statistics, and other social sciences research, analysis, and information related to food, agriculture, and rural resources. The Office has oversight and management responsibilities for the National Agricultural Statistics Service, Economic Research Service, World Agricultural Outlook Board, economic analysis staff, economic management staff, and the Office of Energy.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Economics, the Committee recommends an appropriation of $447,000, which is $37,000 less than the 1988 amount and the same as the budget request and the House level.

ECONOMIC RESEARCH SERVICE

1988 appropriation	$48,186,000
1989 budget estimate	49,771,000
House allowance	49,336,000
Committee recommendation	49,336,000

The Economic Research Service [ERS], originally established in 1961 principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627), was reestablished under the authority of the Secretary of Agriculture as a USDA bureau in 1981.

ERS produces economic and other social science information as a service to the general public and to aid Congress and the executive branch in developing, administering, and evaluating agricultural and rural policies and programs. ERS monitors, analyzes, and forecasts United States and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing; evaluates the economic performance of U.S. agricultural production and marketing; and estimates the effects of Government policies and programs on farmers, rural residents and communities, natural resources, and Americans in general. In addition, ERS produces economic and other social science information about the organization and institutions of the United States and world agricultural production and marketing systems, natural resources, and rural communities.

ERS-produced information is made widely available to the general public through research monographs, situation and outlook reports, professional and trade journals (including ERS's journal, Agricultural Economics Research), magazines (including ERS's magazines, Agricultural Outlook, Farmline, National Food Review, and Rural Development Perspectives), radio, television, newspapers, direct computer access, and frequent participation of ERS staff at various public forums.

COMMITTEE RECOMMENDATIONS

For the Economic Research Service, the Committee recommends an appropriation of $49,336,000. This amount is $1,150,000 more than the 1988 amount, $435,000 less than the budget request, and the same as the House level. Included in this amount is funding to enable ERS to make annual estimates of the demand for seasonal agricultural workers which were mandated in the Immigration Reform and Control Act of 1986.

NATIONAL AGRICULTURAL STATISTICS SERVICE

1988 appropriation	$61,176,000
1989 budget estimate	64,086,000
House allowance	63,091,000
Committee recommendation	64,086,000

The primary responsibilities of the National Agricultural Statistics Service [NASS] (formerly known as the Statistical Reporting Service) are the development and issuance of national and State agricultural statistics, statistical research, and coordination of the Department's statistical programs as authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627).

NASS programs are conducted in the following major areas:

Crop and livestock estimates.—This area includes estimates of production, supply, price, and other aspects of the agricultural economy; conduct of enumerative and objective measurement surveys; preparation and issuance of the official national and State estimates and reports of the Department relating to acreages, types and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, and other subjects as required.

Statistical research and service.—This area includes the research on and development of improved statistical techniques used in gathering and evaluating statistical data, including use of satellite data.

Work performed for others.—Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable or advance payment basis. These services consist primarily of conducting surveys and performing related statistical data collection activities. They also include technical consultation and support and technical assistance programs abroad under participating agency service agreements.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Statistics Service, the Committee recommends an appropriation of $64,086,000. This amount is $2,910,000 more than the amount provided in 1988, the same as the budget estimate, and $995,000 more than the House level.

The recommendation includes sufficient funding to continue the compilation for and production of its current publications, including the "Catfish Processors and Growers Survey," the "Aquaculture Situation Outlook" report, the barley stocks and production reports, the dry pea and lentil annual crop report and the annual report on white wheat.

WORLD AGRICULTURAL OUTLOOK BOARD

1988 appropriation	$1,730,000
1989 budget estimate	1,906,000
House allowance	1,820,000
Committee recommendation	1,836,000

The World Agricultural Outlook Board serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture with the responsibility for coordinating and reviewing for clearance all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The Board's primary objective is to improve the consistency, objectivity, and reliability of outlook and situation material developed in the Department.

The Board's functions include information dissemination; market surveillance; coordination of international and domestic agricultural developments; and coordination of weather, climate and remote sensing research and forecasting techniques.

COMMITTEE RECOMMENDATIONS

For the World Agricultural Outlook Board for fiscal year 1989, the Committee recommends an appropriation of $1,836,000. This amount is $106,000 more than the amount provided in 1988, $70,000 less than the budget estimate, and $16,000 more than the House allowance.

OFFICE OF ASSISTANT SECRETARY FOR SCIENCE AND EDUCATION

1988 appropriation	$386,000
1989 budget estimate	[1] 432,000
House allowance	432,000
Committee recommendation	432,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Science and Education provides direction and coordination in carrying out the laws enacted by the Congress for food and agricultural research, extension, and teaching efforts. The Office has oversight and management responsibilities for the Agricultural Research Service, the Extension Service, the Cooperative State Research Service, and the National Agricultural Library.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Science and Education, the Committee recommends an appropriation of $432,000. This amount is $46,000 more than the fiscal year 1988 amount and the same as the budget request and the House level.

AGRICULTURAL RESEARCH SERVICE

1988 appropriation	$540,684,000
1989 budget estimate	560,957,000
House allowance	557,555,000
Committee recommendation	560,957,000

The Agricultural Research Service [ARS] is responsible for conducting basic, applied, and developmental research on: soil and water conservation; plant productivity; animal productivity; commodity conversion and delivery; human nutrition; and integration of agricultural systems.

The research applies to a wide range of goals, commodities, natural resources, fields of science, and geographic, climatic, and environmental conditions.

As the U.S. Department of Agriculture's in-house agricultural research unit, ARS has major responsibilities for conducting and leading the national agricultural research effort. It provides initiative and leadership in five areas: research on broad regional and national problems; research to support Federal action and regulatory agencies; expertise to meet national emergencies; research support for international programs; and scientific resource to the executive branch and Congress.

The mission of ARS research is to develop new knowledge and technology which will ensure an abundance of high quality agricultural commodities and products at reasonable prices to meet the increasing needs of an expanding economy and to provide for the continued improvement in the standard of living of all Americans. This mission focuses on the development of technical information and technical products which bear directly on the need to (1) manage and use the Nation's soil, water, air, and climatic resources, and improve the Nation's environment; (2) provide an adequate supply of agricultural products by observing practices that will maintain a permanent and effective agriculture; (3) improve the nutrition and well-being of the American people; (4) improve living in rural America; and (5) strengthen the Nation's balance of payments.

COMMITTEE RECOMMENDATIONS

Salaries and expenses.—For salaries and expenses of the Agricultural Research Service, the Committee recommends $560,957,000, the same as the budget request, $20,273,000 above the 1988 level, and $3,402,000 more than the House level.

The amount provided by the Committee includes $1,800,000 for the special fund. These funds are used to strengthen work at Federal research installations in the field by employing junior scientific help under contracts and cooperative agreements.

Citrus research.—The Committee remains concerned about the presence of citrus canker in Florida and believes the important research being jointly conducted by ARS and the University of Florida will lead to a better understanding of this disease. Therefore, the Committee directs ARS to continue the funding for the citrus canker program on at least the same level as in 1988, and with the same proportion of these funds going to the University of Florida and the ARS facility at Orlando, FL.

Tristeza.—The Committee directs the Agricultural Research Service to use $300,000 out of existing citrus research funds for increased research on the disease tristeza which affects citrus. The disease has spread significantly in the last few years and has caused serious economic consequences to citrus growers.

Tropical/subtropical research.—The Committee continues to support the current mechanism for solicitation, recommendations, and distribution of funds through the Caribbean Basin and Pacific Basin advisory groups [CBAG, PBAG] whose members are primary participants in each basin as long as the director-at-large (southern director-at-large for the CBAG and western director-at-large for PBAG) is a full member of the advisory group representing all other institutions or organizations that would contribute singificantly to the goals identified by PBAG and CBAG.

The Committee has included an additional $500,000 in funding for the Tropical/Subtropical Program over last year and directs the ARS to utilize these funds for identifying and developing biological control agents of pests and diseases of tropical and subtropical agriculture.

Kenaf.—The Committee concurs with the House increase of $75,000 for initial growing trials at the Mississippi State Experiment Station and product and market development work which is an essential part of establishing a new agricultural product.

Space remote sensing.—The Committee recommends an increase of $450,000 to conduct a cooperative research and demonstration program with the Institute for Technology Development [ITD]. This project will continue the application of satellite data to crop and soil management at the farm level.

National Sedimentation Laboratory.—In addition to the work now underway at the National Sedimentation Laboratory, the Committee recommends an increase of $1,500,000 to expand its work on improving soil and water quality, controlling erosion and sedimentation, and conserving and managing land and water resources. This project will be a cooperative effort between the Center for Computational Hydroscience and Engineering [CCHE] at the University of Mississippi, the Soil Conservation Service, and the Corps of Engineers.

Peach research.—The Committee has included an increase over the 1988 level of $400,000 for research at the Appalachian Fruit Research Laboratory. This increase will provide additional equipment and funds to accelerate the research capabilities at the facility.

Soil and water conservation.—The Committee recommends an increase above the 1988 level of $400,000 for the Appalachian Soil and Water Conservation Laboratory at Beckley, WV. These funds are provided to improve facilities and forage research.

U.S. Sheep Experiment Station.—The Committee recognizes the critical need for new equipment and upgrading of facilities at the U.S. Sheep Experiment Station at Dubois, ID. The Committee recommends an additional $135,000 be used for this purpose.

Booneville.—The Committee directs a full funding for the Small Farms Research Center at Booneville, AR.

Barley.—Included in the recommendation is an increase of $300,000 for two additional barley researchers. For a barley cytogeneticist at the National Small Grains Germplasm Research Facility in Aberdeen, ID, $150,000 is provided, and $150,000 is for a barley biotechnologist at the Bioscience Laboratory in Fargo, ND. The Committee is pleased that ARS has not taken on the lead role in coordinating the control of the barley yellow dwarf virus and expects further progress in this area.

Oregon.—ARS is directed to continue its commitment to three Oregon research facilities in Burns, Corvallis, and Pendleton.

Blueberry/cranberry.—The Committee supports the New Jersey/ARS program on blueberry/cranberry research and provides an additional $500,000 for this project, an increase of $250,000 over the House amount.

Meadowfoam.—The Committee supports the continuation of research on meadowfoam as proposed by the budget and directs the Department to make these funds available in a timely fashion.

Grasshopper.—A decrease of $69,000 is provided for research on grasshopper fungus at North Dakota State University. This ongoing research is provided under the Cooperative State Research Service account.

Fruit fly eradication.—Included in the appropriation is $700,000 for a fruit fly eradication pilot project in Hawaii.

National Clonal Germplasm Repository.—The Committee concurs with the House in expecting that additional funds will be made available to expand operations at the National Clonal Germplasm Repository in Hilo, HI, in order to accommodate six additional tropical varieties.

Peanut.—The Department is directed to fill the position vacated at the Peanut Production, Diseases, and Harvesting Research Unit in Suffolk, VA. This vacancy curtails ongoing drying research and stops valuable cooperative research.

Sugarcane.—A total of $435,000 is included in the amount provided for upgrading sugarcane research in Hawaii.

Tree fruit.—Tree fruit research is supported at current levels.

Formosan termite.—The Committee recommends $143,000, the same as the House level, for a research program to develop, test, and transfer new methods of control and eradication on urban and structural pests, particularly the Formosan termite.

Sunflower.—Full funding is recommended for research on sunflowers and sunflower insects as well as for operation and research at the sunflower and sugar beet research facility at Fargo, ND.

Potato.—The amount includes an increase of $1,000,000 for potato research, including $500,000 for marketing, $250,000 for aphids, and $250,000 for beetles. The Committee expects the Department to work with the National Potato Council to develop this research in line with the council's national plan.

The Department is directed to maintain the Tri-State Potato Breeding Program at the 1988 level of $386,000.

Soil tilth.—The recommendation includes an increase of $1,750,000 for the National Soil Tilth Center at Ames, IA.

Beltsville.—The Committee concurs with the House in providing $5,000,000 for Beltsville renovation work. This amount is in addition to the $5,350,000 contained in the budget for facilities improvement at Beltsville. The Committee also notes that up to $8,000,000 may become available for Beltsville improvements from funds recovered in relation to the Plum Island Animal Disease Center. In addition, $110,000 is recommended for increased security at Beltsville. Incidents of vandalism in the last year have disrupted research projects and risked the spread of disease outside of the laboratories, demonstrating clearly the need for increased security.

Pea and lentil research.—The Committee recommends continued funding for pea and lentil research in the Pacific Northwest, which includes a program to control lygus bugs on peas and lentils through the cooperative efforts of the University of Idaho, Washington State University, and the USDA-ARS Insect Laboratory in Yakima, WA.

In addition, an increase of $150,000 is provided to expand ongoing research on the genetic mapping of dry peas and lentils at Washington State University. The additional funds will allow the university to maintain a full-time geneticist who will continue the critical genetic mapping on dry peas and lentils already in progress.

Dairy forage.—The appropriation includes full funding for the Dairy Forage Research Center at Praire du Sac, WI. This research is instrumental in developing better ways to utilize alfalfa and other forages.

Vegetable oils as fuel.—The Committee directs that research being conducted at Moscow, ID, on the use of vegetable oils as a replacement for diesel fuel be continued at the current level.

Bee research.—Within the amount available, the Committee directs ARS to continue work on nonapis pollinators of alfalfa at the 1987 level with emphasis on larval mortality factors. ARS should continue to cooperate with regional universities through extramural agreements.

The Committee encourages the Agricultural Research Service to continue its research on control measures for the varroa mite. The recent infestation of the mite in domestic bee colonies demonstrates the need to know more about the mite and possible control measures.

Morris, MN.—The Committee directs that within the funds available for the ARS facility at Morris, MN, a systems analyst be added to the staff in order to make the research more usable to farmers and livestock producers.

Pesticide application research.—The Committee concurs with the budget provision of $400,000 to continue the multidiscipline research at the Delta States Regional Research Center on application systems for agricultural chemicals that are cost effective and would eliminate adverse effects on the environment. Research should focus on ground and aerial application of insecticides, herbicides, fungicides, and plant growth regulators.

Muscadines.—The Committee supports the budget request of $250,000 for continued muscadine research, with particular emphasis focused on crown gall disease. This project is a cooperative effort conducted at Mississippi State University.

Water quality.—The Committee recommends an increase of $1,000,000 for water quality research for a total of $14,700,000, $3,000,000 more than the House level and $5,000,000 above the amount available in 1988.

Included in this recommendation is $654,000 for the second year of ground water research at the Spring and Groundwater Institute in West Virginia.

The Committee understands that ARS has developed a strategic plan for reducing the movement of pesticides and nitrates to ground water. To support this plan, up to $500,000 of this amount is provided ARS to assume Federal leadership in the development of implementation strategy for a major interagency project to determine the magnitude and scope of the ground water quality problem and to develop resource management strategies for solving problems that exist. The Committee expects a report on this strategy by September 30, 1989.

Sweetpotato research.—The sweetpotato whitefly (*Bemisia tabaci*) continues to be an economic pest to vegetable and ornamental horticultural crops. The Committee commends ARS and the Institute of Food and Agricultural Sciences at the University of Florida for their work in identifying a biological control for this pest. The Committee recommends that ARS devote additional resources to the whitefly problem in Florida.

Small farms.—The Committee also recommends full funding for the Small Farms Research Center at Booneville, AR.

Horticultural laboratory.—The Committee is aware that the U.S. Horticultural Laboratory facilities at Orlando, FL, are old and inadequate in size for current and future research, that there is no room for expansion, and that operating and maintenance costs are excessive. The Committee is also aware of efforts underway to establish a new Federal facility in Lakeland, to be constructed by the General Services Administration, which could be designed to accommodate an expanded citrus research effort.

It is the Committee's understanding that extensive laboratory and office space for ARS horticultural research could be accommodated in the proposed Lakeland facility. The Committee feels that inclusion of ARS laboratory and office space in this new GSA facility would be a cost-effective way to enhance USDA research. It further understands that a separate field site, and associated greenhouses and field buildings, may also be required.

The Committee, therefore, directs ARS to enter into discussions with GSA regarding design of a new, GSA-owned facility which could accommodate ARS needs along with those of other Federal agencies. It also encourages ARS to explore options for the disposal of existing ARS-owned property in Orlando and for ways to provide a field site and associated buildings in conjunction with the proposed new Lakeland facility.

Grand Forks.—The Committee recommends bill language to allow the Department to purchase approximately two acres of land adjacent to the Grand Forks Human Nutrition Research Center, Grand Forks, ND. The property is needed to construct garages to house federally owned vehicles and to provide parking space for nonresident volunteers used in human nutrition.

Systematic entomology laboratory.—The Committee reiterates its strong support for the systematic entomology laboratory and expects ARS, to the extent possible, to increase scientific support in order to continue to provide the critical insect identification information needed throughout the country.

The Committee does not concur in the House increases of: $335,000 for the Meat Animal Research Center at Clay Center, NE; $50,000 for low input agriculture at Morris, MN; $2,000,000 for human nutrition research at Tufts University in Boston, MA, and at the Baylor College of Medicine at Houston, TX; $200,000 for plant protection at Cornell University; $300,000 for equipment and renovation at Woodward, OK; and $750,000 for renovation at the National Arboretum.

BUILDINGS AND FACILITIES

1988 appropriation	$57,815,000
1989 budget estimate	11,000,000
House allowance	11,000,000
Committee recommendation	57,385,000

The "Buildings and facilities" account is established for the acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or used by, the Agricultural Research Service. Routine construction or replacement items would continue to be funded under the limitations contained in the regular account.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $57,385,000 for this account. This amount is $46,385,000 more than the budget estimate and House level and $430,000 less than the amount provided in 1988. These funds shall remain available until expended.

The recommendation includes $6,000,000 for the proposed biotechnology research facility at the University of Florida's Biotechnology Institute for Research and Development.

For planning and construction of an institute for earth systems science at the University of North Dakota, the Committee provides $8,400,000.

To complete construction of the Center for Information and Technology at Gonzaga University in Spokane, WA, $2,500,000 is provided. The sum of $7,500,000 was made available in 1988 and the House provided $1,250,000.

The Committee provides $2,675,000 for planning and initial construction of an industrial agriculture and communications center as proposed by the North Dakota State University.

The Committee concurs with the House provision of $290,000 for a feasibility and initial planning of a human nutrition center at Iowa State University.

Also included is $2,800,000 to complete construction of the National Center for Food and Industrial Agricultural Product Development at Iowa State University. The 1988 funding was $6,375,000 and the House provided $1,000,000.

The Committee recommends $50,000 for a feasibility study of the proposed additional laboratory and greenhouse space at the South Central Agricultural Research Center in Lane, OK. The House provided $140,000 for the initial planning work.

For planning and construction of the National Seed Storage Laboratory at Fort Collins, CO, $5,500,000 is provided. The budget request was for $11,000,000 and the House provided no funding.

To continue the planning and design of a national cooperative center for the technological development of natural products at the University of Mississippi, the Committee includes $1,600,000.

The amount of $50,000 is provided to conduct a feasibility study on the Nebraska Center for Advanced Technology at the University of Nebraska. The House provided $250,000 for feasibility and preliminary planning.

For a feasibility study, planning, and initial construction of the Northern Plains Biostress Laboratory at South Dakota State University, $630,000 is provided.

The Committee provides $1,000,000 for the construction of new greenhouses at the Plant Gene Expression Center in Albany, CA.

In order to complete construction of the poultry and isolation facilities at the University of Arkansas at Fayetteville, $400,000 is provided. The amount of $375,000 was provided in 1988.

The Committee concurs with the House in providing a total of $250,000 for initial planning of the plant bioscience facility at Rutgers University. The sum of $50,000 was provided for a feasibility study in 1988.

The Committee recommends no funding for the initial construction of the U.S. Salinity Laboratory at Riverside, CA. The Committee understands that the architectural and engineering money has been provided and that this work will not be completed until the end of fiscal year 1989. Therefore, the Committee will consider the construction funds again next year. The House provided $900,000 for initial construction.

For completion of the Stafford-Aiken Center for Microbiology and the Agricultural Sciences at the University of Vermont, $3,800,000 is provided. The sum of $2,200,000 was made available in 1988.

For planning and initial construction of the Throckmorton Plant Science Center at Kansas State University, the Committee recommends $1,350,000. The House provided $125,000 for additional planning work.

In order to rebuild the Maple Research Laboratory at the University of Vermont which was destroyed by fire, $500,000 is provided.

The Committee concurs with the House in providing $50,000 for a feasibility study and initial planning costs for a center for tropical and subtropical agriculture in Hawaii.

For construction of the Texas A&M University system's proposed Institute of Biosciences and Technology, the Committee provides $6,275,000. In 1988, $50,000 was provided for a feasibility study, and the House provided $625,000.

In 1988, $50,000 was provided for a feasibility study of the Biocontainment Research Center proposed by the University of Georgia. The Committee recommends $3,250,000 for construction of this facility.

The amount of $5,540,000 is provided to complete construction of the Food Science and Human Nutrition Building at Washington State University. The sum of $5,540,000 was provided in 1988 and the House included $2,270,000 in its recommendation.

For construction of the poultry research center in conjunction with West Virginia University, $3,475,000 is provided. Planning funds of $375,000 were provided in 1988 and the House provided $300,000.

For a feasibility study of an agricultural biotechnology and genetics building at the University of Wisconsin at Madison, $50,000 is provided.

The Committee also recommends, as did the House, $900,000 for initial construction of a new U.S. Fruit and Vegetable Laboratory at Yakima, WA. In 1988, $1,000,000 was provided for the planning of this new facility.

In order to conduct a feasibility study of a national soybean research laboratory at the University of Illinois, $50,000 is recommended. The House included $250,000 for a feasibility study and planning costs of the facility.

The Committee does not concur with the House in providing $50,000 for a plant growth center at Montana State University; $950,000 for a biomedical clinic at the University of Texas, Southwestern in Dallas; $100,000 for the agricultural biotechnology facility at the Virgina Polytechnic Institute; $50,000 for modification at the Virginia-Maryland Regional College of Veterinary Medicine; and $1,250,000 for the Food Toxicology Center at Michigan State University.

In 1988, $10,000,000 was appropriated for an agricultural research facility at Oregon State University. Of that amount, $7,500,000 is not available for obligation until fiscal year 1989. The Department is directed to allocate the remaining funds for this project in fiscal year 1989 in a timely fashion.

PLUM ISLAND ANIMAL DISEASE CENTER

The Committee recommends bill language to allow the use of recovered funds for planned facility changes at the Plum Island Animal Disease Center. These funds will enable the Agricultural Research Service and the Animal and Plant Health Inspection Service to consolidate their research, operational, and administrative activities. The objective of the consolidated activities is to improve overall program performance and reduce operating costs. To the extent possible, partially completed facilities should be salvaged so that the cost of proposed facility changes should not exceed $9,000,000.

The remaining balance of recovered funds should be used for the renovation of the Beltsville Agricultural Research Center, including the National Arboretum. The Committee is aware that improvements need to be made at the New York Avenue entrance into the National Arboretum and encourage the establishment of a site with adequate parking that would attract visitors to this national treasure of plantings. Entrance improvements should not exceed $2,000,000. The Committee notes that this provision could make up to $17,000,000 available in all and $8,000,000 for Beltsville.

COOPERATIVE STATE RESEARCH SERVICE

1988 appropriation	$303,654,000
1989 budget estimate	257,489,000
House allowance	284,276,000
Committee recommendation	306,170,000

The Cooperative State Research Service is the U.S. Department of Agriculture's principal entree to the university system of the United States for the purpose of conducting agricultural research as authorized by the Hatch Act of 1887, as amended (7 U.S.C. 361a–361i); the Cooperative Forestry Research Act of 1962, as amended (16 U.S.C. 582a–7); Public Law 89–106, section (2), as amended (7 U.S.C. 450i); and the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3101 et seq.). Through these authorities, the U.S. Department of Agriculture participates with State and other sources of funding to encourage and assist the State institutions in the conduct of agricultural research through the State agricultural experiment stations of the 50 States, the District of Columbia, and the territories; by approved schools of forestry; by the 1890 land-grant institutions and Tuskegee University; by colleges of veterinary medicine; and by other eligible institutions.

The Cooperative State Research Service participates in a nationwide system of agricultural research program planning and coordination among the State institutions, U.S. Department of Agriculture, and the agricultural industry of America.

COMMITTEE RECOMMENDATIONS

The following table summarizes Committee recommendations for the Cooperative State Research Service.

COOPERATIVE STATE RESEARCH SERVICE

[In thousands of dollars]

	Fiscal year 1988 appropriation	Fiscal year 1989 budget	House allowance	Committee recommendation
Payments under Hatch Act	155,545	155,545	155,545	155,545
Cooperative forestry research (McIntire-Stennis)	17,500	12,975	12,975	20,000
Payments to 1890 Colleges and Tuskegee	23,333	25,333	24,333	24,333
Special research grants (Public Law 89–106):				
Acid precipitation	661	661	661	661
Agricultural diversification (Hawaii)	156		156	156
Agriculture Policy Institute (Iowa and Missouri)	425		425	500
Agricultural diversification research (Minnesota)			200	
Agricultural trade (North Dakota)				600
Alternative cropping systems in the Southeast (South Carolina)	285		285	285
Alternative to dinoseb (Oregon)			150	
Alternative fuels (North Dakota)	370			
Animal health	5,705		5,705	
Apple quality research (Michigan)	95		95	
Aquaculture (general)	660		660	200
Aquaculture, (Stoneville, MS)	500		500	675
Asparagus yield decline (Michigan)	95		95	
Bean and beet (Michigan)	93		190	
Belgian endive (Massachusetts)	60		60	
Biocontrol of grasshoppers (Kansas)	48			
Biomass from dairy processing waste (Missouri)	285			285
Blueberry shoestring virus (Michigan)	92		92	
Broom snakeweed (New Mexico)				100
Celery fusarium (Michigan)			40	
Cranberry/blueberry disease and breeding (New Jersey)	260		260	260
Dairy and beef photoperiod (Michigan)	33		33	
Dairy goat research (Texas)	95		95	
Dark-end syndrome (Idaho, Oregon, and Washington)	150		150	150
Dried bean (North Dakota)	75			75
EDB replacement (Hawaii)	285		285	285
Environmental contamination (North Dakota)	500			
Expanded wheat pasture (Oklahoma)				400
Floriculture (Hawaii)			150	450
Food Marketing Policy Center (Connecticut)	150		150	420
Food processing (Mississippi)	195		150	195
Food systems research group (Wisconsin)	148		148	148

COOPERATIVE STATE RESEARCH SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1988 appropriation	Fiscal year 1989 budget	House allowance	Committee recommendation
Special research grants (Public Law 89–106)—Continued				
Fruit and vegetable production and marketing (Kentucky)	142	....	....	....
Grasshopper biocontrol (North Dakota)	....	....	....	69
Human nutrition research (New York)	....	....	450	....
Integrated pest management	2,940	....	2,940	2,940
Integrated production systems (Oklahoma)	188	....	188	188
Integrated reproduction management (Nebraska)	95	....	75	....
International livestock program (Kansas)	95	....	....	....
Livestock and dairy policy (New York and Texas)	....	....	450	....
Low-input agriculture (Minnesota)	100	....	100	....
Maple research (Vermont)	100	....	....	100
Milk consumption (Pennsylvania)	285	....	....	285
Milkweed research (Nebraska)	....	....	....	75
Minor use animal drugs (IR–4)	229	229	229	229
Mosquito research (Texas)	456	....	456	....
Multicropping strategies for aquaculture (Hawaii)	152	....	152	152
National Biological Impact Assessment Program	....	250	125	125
Native wildflowers (New Mexico)	50	....	....	....
New uses for agricultural products (Ohio)	133	....	133	....
Peach tree short life (South Carolina)	183	....	183	200
Pesticide clearance (IR–4)	1,369	1,369	1,369	1,369
Pesticide impact assessment	1,968	2,468	2,218	2,218
Plastic from cornstarch (Nebraska)	....	....	40	....
Potato research	997	....	997	1,357
Poultry research (Arkansas)	500	....	....	....
Preservation and processing research (Oklahoma)	267	....	267	267
Prime farm land reclamation (Illinois and Kentucky)	450	....	450	....
Remote sensing (Kansas)	191	....	191	....
Rural development centers (North Dakota, Iowa, Mississippi, Oregon, and Pennsylvania)	475	....	475	500
Rural revitalization (Mississippi)	....	....	100	250
Russian wheat aphid (Washington, Oregon, and Idaho)	....	....	100	....
Sandhills grazing management practices (Nebraska)	100	....	100	....
Seedstocks enhancement (North Dakota)	....	....	....	200
Southwest consortium for plant genetics and water resources	385	....	385	385
Soybean cyst nematode (Missouri)	285	....	285	285
STEEP-Soil Erosion in the Northwest (Idaho, Oregon, and Washington)	591	....	591	591
Stone fruit decline (Michigan)	285	....	285	....
Stored grain insects (Kansas)	285	....	285	....
Sunflower insects (North Dakota and South Dakota)	190	....	....	190

COOPERATIVE STATE RESEARCH SERVICE--Continued

[In thousands of dollars]

	Fiscal year 1988 appropriation	Fiscal year 1989 budget	House allowance	Committee recommendation
Special research grants (Public Law 89-106)—Continued				
TCK Smut (wheat)	193		193	193
Tropical and subtropical	3,091		3.091	3.091
Wheat genetic research (Kansas)			100	
Wood utilization research	2,852		2,852	2,852
Wool research (Texas)	142		142	
World food systems (Indiana and Ohio)			300	300
Subtotal, special research grants	31,185	4,977	30.937	24,256
Competitive research grants:				
Plant science	12,126	12,126	1,007	12,126
Soybean research	(493)		(493)	(493)
Alcohol fuels	(514)		(514)	(514)
Biotechnology	(5,000)			
Plant science centers				(3,358)
Plant science centers		3,358		
Animal science	6,000	7,000	2,852	6,000
Brucellosis	(475)		(475)	(475)
Reproductive efficiency	(2,377)		(2,377)	
Food safety consortium				(2,000)
Pest science	2,853		2,853	
Gypsy moths	(951)		(951)	
Boll weevil/boll worm	(951)		(951)	
Pine bark beetle	(951)		(951)	
Human nutrition	2,377	3,000		
Biotechnology	19,016	21,616	19,016	19,016
Michigan institute			(2,500)	
Midwest consortium			(2,500)	(2,500)
Alternative pest control (Arkansas)				(2,000)
Iowa consortium				(1,750)
Stratospheric ozone		7,400	3,700	3,700
Subtotal, competitive research grants	42,372	54,500	29,428	40,842
Water quality			2,000	4,000
Animal health and disease (sec. 1433)	5,476		5,476	5,476
Higher education	[1]4,754	2,000	4,754	4,754
Rangeland research grants (sec. 1480)	475		475	475
International trade centers	3,827		2,050	3,412
Alternative crops (sec. 1428)	675	391	641	1,050
Critical Agricultural Materials Act	4,918	668	2,168	6,368
Aquaculture centers	3,500		3,750	3,750
Other research grants (sec. 1472)	2,100			
Agricultural productivity (sec. 1461-1471)	3.900		3.900	5,000
Federal administration:				
Shrimp aquaculture (Hawaii, Mississippi, and Arizona)	2,236		2,236	3,236
Mississippi Valley State University	625		625	625
Ag in classroom	74	74	174	
Agricultural biotechnology	250	250	250	250
Peer panels				400
Office of Grants and Program Systems	659	398	659	398

See footnote at end of table.

COOPERATIVE STATE RESEARCH SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1988 appropriation	Fiscal year 1989 budget	House allowance	Committee recommendation
Federal administration—Continued				
Pay costs and FERS	250	378	250	250
National Center for Food and Industrial Agricultural Product Development (Iowa)			900	1,000
Center for Agricultural and Rural Development (Iowa)			750	750
Subtotal, Federal administration	4,094	1,100	5,844	6,909
Total, Cooperative State Research Service	303,654	257,489	284,276	306,170

[1] Excludes $2,800,000 Morrill-Nelson permanent appropriation.

Individual items are discussed below:

Payments for cooperative research under the Hatch Act.—The Committee recommends $155,545,000. This amount is the same as the 1988, budget, and House levels

Cooperative forestry research.—The Committee recommends $20,000,000. This amount is $2,500,000 more than the 1988 level and $7,025,000 more than the budget request and the House allowance. The increase is provided in order to ensure the continued effectiveness of the act and to strengthen significantly the role of technology in increasing U.S. forestry competitiveness while providing greater noncommodity benefits from our vast forestlands.

Payments to 1890 Colleges and Tuskegee.—The Committee recommends $24,333,000. This amount is $1,000,000 more than the 1988 level, and $1,000,000 less than the budget estimate and the same as the House allowance.

Special research grants under Public Law 89–106.—The Committee recommends a total of $24,256,000. Specifics of individual grant allowances are included in the accompanying table. Special items are discussed below.

Food and Agriculture Policy Research Institute.—The sum of $500,000 is provided for this institute, an increase of $75,000 over the 1988 and House levels.

Floriculture.—The Committee recommends $450,000, an increase of $300,000 over the House level, for floriculture research at the University of Hawaii at Manoa and Hilo. This new program will develop and apply new techniques for managing disease in the floriculture industry.

Food Marketing Policy Center.—To continue research at the University of Connecticut, $420,000 is provided, an increase of $270,000 over the 1988 and House levels.

Agricultural trade.—For a trade policy research initiative in wheat durum, oilseeds, and barley at North Dakota State University, the Committee recommends $600,000.

Broom snakeweed.—Broom snakeweed is a poisonous plant that causes death and abortion in livestock and steals scarce water from productive range plants causing significant economic losses. The sum of $100,000 is provided, on a matching basis, for research on controlling this pest.

Expanded wheat pasture.—The sum of $400,000 is provided for Oklahoma State University to conduct studies increasing the efficiency and net return of producing cattle on wheat pasture.

Integrated pest management.—The Committee has not recommended funding for the Russian wheat aphid special research grant. Rather, $2,940,000 has been restored for the integrated pest management [IPM] special research grant. It is noted that this grant will provide funding for critical research on control of the Russian wheat aphid in the Western States. This aphid is difficult to control with most insecticides and other conventional methods, so a strong IPM program with an emphasis on biological control methods is essential.

Grasshopper biocontrol.—A total of $69,000 is provided to continue research at North Dakota State University to continue research on entomophaga grylli, a grasshopper fungus. This ongoing research was previously funded under the Agricultural Research Service.

Peach tree short life.—An increase of $17,000 over the 1988 and House levels is provided for research on peach tree short life in South Carolina for a total of $200,000.

Rural development centers.—The sum of $500,000 is provided to equally fund the five regional rural development centers. This amount is $25,000 over the 1988 and House levels.

Milk consumption.—The Committee supports continued research aimed at developing demand models for milk consumption, including the impact of advertising on consumption at a level of $285,000.

Milkweed research.—A total of $75,000 is provided for a new research effort in Nebraska on milkweed as a substitute for goosedown in the insulation industry. The House provided $50,000 under alternative crops for this research.

Seedstocks enhancement.—The Committee recommends $200,000 for research at the Northern Great Plains Research Laboratory at Mandan, ND, to provide improved grass seed varieties that will preserve the production capability of the Conservation Reserve Program acres for future utilization as grasslands or crop production.

Potatoes.—The Committee has increased the special research grant for potatoes by $360,000. Of the increase, $200,000 is for the Tri-State Potato Breeding Program in Oregon, Washington, and Idaho. A $160,000 increase is provided for Maine to establish a more rigorous testing program for advanced seed varieties and to enhance the Maine Seed Potato Board's facility. The research carried on in 1988 with $997,000 will continue.

Sunflower insects.—Continuation of research on sunflower insects is provided at $190,000 with the 1988 mix of funds for North and South Dakota State Universities expected.

Rural revitalization.—The Committee recognizes the need for studies for revitalization of the delta area and recommends an appropriation of $250,000, which is $150,000 more than the House allowance. Additional funding for this project will be provided by State and local sources.

Aquaculture (Stoneville, MS).—The Committee provides a total of $675,000 to continue aquaculture research in the delta. Of this amount, $175,000 is for research on off-flavor which is causing substantial economic losses in the catfish industry. In addition, the redfish research carried on in 1988 will continue.

Aquaculture (Louisiana).—$200,000 is included to continue the research at Louisiana State University on the development of commercial crawfish and redfish production.

Food processing.—To continue the comprehensive food processing research support effort by the Mississippi Agriculture and Forestry Experiment Station, the Committee provides $195,000, the same amount available in 1988. This is $45,000 more than the House allowance.

Other items.—The following special research grants, funded in 1988, but not included in the House recommendtion, are included at the 1988 level: biomass from dairy processing waste, dried bean, maple, milk consumption, and sunflower insects.

The Committee does not concur with the House in funding the following special research grants: agriculture utilization, alternative to dinoseb, animal health, apple quality, asparagus yield decline, bean and beet, belgian endive, blueberry shoestring virus, celery fusarium, dairy and beef photoperiod, dairy goat, human nutrition, integrated reproduction management, international livestock program, livestock and dairy policy, Minnesota low input, mosquito, new uses for agricultural products, plastic from cornstarch, prime farmland reclamation, remote sensing, Russian wheat aphid, sandhills grazing management practices, stone fruit decline, stored grain insects, wheat genetic research, and wool research.

Competitive research grants.—The Committee recommends an appropriation of $40,842,000. This amount is $13,658,000 less than the budget estimate, $1,530,000 less than was available in 1988, and $11,414,000 more than the House level. The Committee continues its commitment to the competitive grants method of fostering and promoting increased levels of basic agricultural research in our Nation.

For the plant science centers, the Committee recommends an earmark of $3,358,000 within the plant science competitive grant. The centers were requested in the budget at this level and not funded by the House.

The Committee recommends that $2,000,000 of the animal science competitive grant go to the food safety consortium composed of the University of Arkansas at Fayetteville, the University of Arkansas for Medical Sciences, Kansas State University, and Iowa State University. The research will develop technology for the rapid identification of infectious agents on farms and in processing facilities, establish a statistical framework from which to develop tolerance levels, determine necessary control points to prevent microbial and chemical contamination in the meat production and processing chain, and develop monitoring techniques to help detect contaminants in the production and processing chain.

Also recommended is $2,000,000 of the Biotechnology Competitive Grant Program to create a national center for alternative pest control research at the University of Arkansas. With the unique collection of relatively clean research areas in Arkansas, and the world-class faculty at the university in the areas of biological pesticides, chemical pesticide residue, and integrated pest management, the university is prepared to provide important solutions in alternative pest control.

Included in the amount for biotechnology is $1,750,000 for the recovery of fermentation byproducts research proposed by the University of Iowa, Iowa State University and the city of Cedar Rapids. This research will result in lower costs of waste treatment, the recovery of useful products from waste, and by reducing net costs, increase the commercialization of nonfood uses for corn.

The Committee concurs with the House earmark of $2,500,000 for the Midwest Plant Biotechnology Consortium and rejects the funding for the Michigan Biotechnology Institute.

Critical Agricultural Materials Act.—The Committee recommends $6,368,000 for activities authorized by the Critical Agricultural Materials Act. Included in this recommendation is $668,000 to continue research on guayule, $5,200,000 to complete the polymer science research facility project, and $500,000 for the research program at the National Center for Physical Acoustics. This appropriation is $4,200,000 more than the House allowance.

Aquaculture centers.—The Committee recommends $3,750,000 for regional aquaculture centers. This amount is $250,000 more than the 1988 appropriation and the same as the House level. There was no budget request. The amount provides $750,000 for each regional center.

Water quality.—The Committee recognizes that water quality is a concern for the Nation's communities and that industrial manufacturing, agricultural production practices, and household use of chemicals have led to water quality degradation. This impact on America's water quality requires us to recommend funding for continued and expanded water quality research and education programs.

Therefore, $4,000,000 is provided for additional water quality research. This amount is $4,000,000 more than the 1988 level and budget request, and $2,000,000 more than the House allowance.

Within this amount, $250,000 is provided for a research and demonstration project as developed by the Iowa Secretary of Agriculture and Iowa State University, and $1,500,000 is provided for research on the effects of agricultural chemicals on ground water as proposed by the Mining and Mineral Resources Research Institute at the University of North Dakota.

International trade centers.—Also recommended are $1,000,000 for the Center for International Trade in Forest Products [CINTRAFOR] and the International Marketing Program for Agricultural Commodities and Trade [IMPACT], the same as the 1988 and House levels; $1,000,000, the same as the House level, for the International Trade Development Center at Iowa State University; $247,000 for the second-year funding for the International Trade Development Center at the University of Kentucky; $765,000 to fund a center for international trade development in Appalachian hardwood forest products at West Virginia University; and $400,000 in matching funds for the establishment of an international Trade and Development Center at the Wheat Marketing Center.

The total for trade centers is $3,412,000, $415,000 less than the 1988 appropriation and $1,362,000 more than the House level.

Alternative crops.—The Committee recommends $1,050,000 for alternative crops research, $375,000 more than the 1988 level and $986,000 more than the House amount. The same amount as last year, $500,000, is available to continue oilseeds research in North Dakota. For research on crambe and winter rapeseed in Iowa, Missouri, Kansas, New Mexico, and Idaho, $450,000 is included, an increase of $275,000 over the 1988 level and an increase of $250,000 over the House level. Finally, the Committee concurs with the House recommendation of $100,000 for research at the Plant Genetic Engineering Laboratory at New Mexico State University on jojoba gene transfer.

The Committee does not concur with the House funding of $191,000 for hybrid striped bass and $100,000 for mesquite research.

Higher education.—The Committee recommends the same amount and program as in 1988 for higher education, $4,754,000. This amount includes $2,852,000 for graduate training and $1,902,000 for grants to the 1890 institutions. Once again, the Committee rejects the administration proposal to repeal the Morrill-Nelson Act permanent appropriation that continues to provide higher education support to every State.

Low-input agriculture.—The Committee recommends an appropriation of $5,000,000 to fund agricultural productivity research as authorized by the Food Security Act of 1985. This amount is $1,100,000 over the 1988 and House levels. There was no budget request.

Federal administration.—The Committee recommends $6,909,000 for Federal administration. This amount is $2,815,000 more than the 1988 appropriation and $5,809,000 more than the budget request.

The Committee concurs with the House recommendations of $625,000 for Mississippi Valley State University, $250,000 for agricultural biotechnology, $250,000 for pay costs and FERS, and $750,000 for the Center for Agricultural and Rural Development in Iowa. In addition, the Committee recommends $1,000,000, $100,000 more than the House, for the National Center for Food and Industrial Agricultural Product Development in Iowa, and $398,000 as proposed by the budget, instead of $659,000 as proposed by the House, for the Office of grants and program systems. Furthermore, the Committee recommends $3,236,000 for gulf coast shrimp aquaculture which is a $1,000,000 increase over the House and 1988 levels. Also, $400,000 is provided for peer panels which were not funded in the budget or by the House. The Committee provides no funding for the agriculture in the classroom project.

EXTENSION SERVICE

	Appropriation	Transfer from Food Stamp Program	Total
1988 appropriation	$318,336,000	$39,627,000	$357,963,000
1989 budget estimate	299,542,000		299,542,000
House allowance	316,880,000	39,627,000	356,507,000
Committee recommendation	359,012,000		359,012,000

Cooperative extension work was established by the Smith-Lever Act of May 8, 1914, as amended. Legislation authorizes the Department of Agriculture to provide, through the land-grant colleges, cooperative extension work that consists of the development of practical applications of research knowledge and the giving of instruction and practical demonstrations of existing or improved practices or technologies in agriculture, uses of solar energy with respect to agriculture, home economics, related subjects, and to encourage the application of such information by demonstrations, publications, through 4–H clubs, and other means to persons not attending or resident in the colleges.

To fulfill the requirements of the Smith-Lever Act, State and county extension offices in each State, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Marianas, and Micronesia conduct educational programs to improve American agriculture and strengthen the Nation's families and communities.

COMMITTEE RECOMMENDATIONS

The following table summarizes Committee action on the Extension Service:

EXTENSION SERVICE

[In thousands of dollars]

	Fiscal year 1988 appropriation	Fiscal year 1989 budget	House allowance	Committee recommendation
Smith-Lever 3(b) and 3(c)	241,594	228,483	241,594	241,594
Priority initiatives:				
Initiatives		10,000		1,000
EFNEP	19,008	22,111	19,008	58,635
Transfer from FSP	39,627		39,627	
Financial management	1,427		1,427	1,427
Rural recovery pilot projects	3,350		3,350	3,350
Rural education model				1,138
Water quality			1,000	2,000
Urban gardening	3,329		3,500	
Farm safety	970		970	
Agricultural competitiveness and profitability:				
Initiatives		10,000		1,000
Pesticide management	7,164		7,164	7,164

EXTENSION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1988 appropriation	Fiscal year 1989 budget	House allowance	Committee recommendation
Agricultural competitiveness and profitability—Continued				
Pesticide impact assessment	1,633	2,580	1,633	1,633
ATTRA	([1])		([1])	1,500
Technology transfer (Oklahoma and Mississippi)	([2])		([2])	330
Renewable resources extension	2,765			2,765
Integrated reproduction management (Nebraska)	47		47	
Rural revitalizaiton:				
Initiatives		2,000		
Rural development centers	903		903	950
1890's	18,291	18,291	18,291	18,291
1890's facilities	9,508		9,508	9,508
District of Columbia	935	970	935	970
Federal administration and special grants	7,412	5,107	7,550	5,757
Total, Extension Service	357,963	299,542	356,507	359,012

[1] Funded at $750,000 under Federal administration and special grants.

[2] Funded at $330,000 under Federal administration and special grants.

COMMITTEE RECOMMENDATIONS

Smith-Lever sections 3(b) and (c).—For 1989, the Committee concurs with the House recommendation to provide $241,594,000 in Federal funding for the continuation of programs addressing ongoing high priority concerns in agriculture under Smith-Lever sections 3(b) and (c). This total is the same provided in 1988, and it assumes a rejection of the budget proposal to reduce section 3(c) funding by $13,111,000.

Reorientation of Extension programs.—There is strong endorsement for efforts to reorient Extension Service programs to focus on national priority initiatives, agricultural competitiveness and profitability, and rural revitalization projects. However, the Committee disagrees with the budget recommendation for eliminating earmarked programs under section (d) of the Smith-Lever Act. In lieu, the Committee provides a general framework for the new initiatives.

National priority initiatives.—For priority initiatives the Committee recommends a total of $67,550,000, including the following section 3(d) projects recommended by the House at the 1988 funding level and eliminated in the budget: $58,635,000 for the Expanded Food and Nutrition Education Program and $1,427,000 for financial management. The Committee rejects the House recommendation to transfer $39,627,000 from the Food Stamp Program for EFNEP. No funding is recommended for urban gardening or farm safety as proposed in the budget.

The sewing industry's cooperative education programs with the Extension Service are critical to meeting the clothing and textile needs of targeted population groups. The Committee directs the Extension Service to continue and expand its clothing and textile programs, using the Mississippi project as a model.

The Committee rejects the budget deletion of $3,350,000 and concurs with the House recommendation to continue existing rural recovery pilot projects that were established under section 1440 of the Food Security Act of 1985, noting the relevance of these programs to Extension Service priority initiatives.

The Committee has deleted the reference to section 1440 in the bill since this section is superceded by Public Law 100–219.

Funding of $1,138,000 is provided under seciton 3(d) for an educational model demonstration in North Dakota to train professionals to meet the human and health service demands of rural communities.

Acknowledging growing concern for protecting and managing rural water supplies, the Committee recommends $2,000,000 for national water quality initiatives under section 3(d). This amount is $1,000,000 more than the House.

The Committee recommendation includes $1,000,000 for national priority initiatives. Included in this amount is up to $250,000 in matched funds for the production of historical documentary films on American agriculture, for which the Assistant Secretary for Science and Education provided $50,000 in 1988. The House provided $50,000 under ARS. Also included is $258,000 for a rural rehabilitation project in Georgia proposed by the Center for Rehabilitation Technology at the Georgia Institute of Technology, the units of the State university system, and the State division of rehabilitation services.

The Committee reviewed suggestions for funding vocational education programs in aquaculture in 1989; however, due to budget constraints it has not proposed a specific line item for such programs, noting that significant provision for aquaculture is made in other accounts.

Agricultural competitiveness and profitability.—For agricultural competitiveness and profitability initiatives, the Committee provides a total of $14,392,000. This amount includes funding under section 3(d) at the 1988 level of $7,164,000 for pesticide management and $1,633,000 for pesticide impact assessment in accord with the House. As proposed by the budget, no funding is recommended for integrated reproduction management in Nebraska.

Noting its significant potential contribution to agricultural profitability on a national scale, the Committee recommends $1,500,000 for appropriate technology transfer for rural areas [ATTRA], an increase of $750,000 over 1988 and the House-recommended level. Additionally, the Committee provides $330,000 for technology transfer projects in Oklahoma and Mississippi, recommended for elimination by the budget and funded under Federal administration by the House.

Under the Renewable Resources Extension Act, the Committee continues funding at the 1988 level of $2,765,000, opposing the budget and House recommendation to eliminate the program.

Again, the Committee includes $1,000,000 for agricultural competitiveness and profitability initiatives. Of this amount, $250,000 is provided for a pilot technology transfer project in Florida. To assist the

Plant Materials Center at Booneville, AR, in disseminating research information, the Committee provides $100,000 of these funds for a research specialist and support staff under the supervision of the Arkansas Extension director.

Rural revitalization.—The Federal Government has played a key role in rural development through a number of programs and initiatives designed to address specific research, educational, and development needs. Many of these programs have been very beneficial and have improved the lives of those who live in our Nation's small towns and rural communities.

The Committee believes rural development centers are successful in identifying real and immediate needs of rural America, which is a key element in developing beneficial programs. Therefore, the Committee recommends $950,000 for the five existing rural development centers, $47,000 more than the 1988 and House levels.

1890 Colleges and Tuskegee University.—The 1890 Colleges and Tuskegee University are currently involved in major rehabilitation and construction efforts without State support. The Committee recommends $9,508,000 in 1989 for these facilities. Noting that the 1890 Colleges and Tuskegee University rely principally on Federal funding for their operation, the Committee recommends $18,291,000 in 1989, in concurrence with the House, the budget, and the 1988 level.

District of Columbia Extension Service.—The Committee recommends funding at $970,000 for the District of Columbia Extension Service in accord with the budget request, at $35,000 more than recommended by the House.

Federal administration.—For Federal administration, the Committee provides $5,757,000, including $116,000 to annualize 1988 pay costs as recommended by the budget, and concurs with the House in providing $650,000 for American Pacific agricultural development. The Committee disagrees with the House funding recommendations of $433,000 for a rural development project in Oklahoma, $75,000 for the University of Nebraska crambe and rapeseed project, $190,000 for the Nebraska farm and financial management pilot project, and $65,000 for rural communities in Minnesota. Funding provided by the House under Federal administration for ATTRA and the technology transfer projects in Oklahoma and Mississippi is provided under the competitiveness and profitability initiatives.

NATIONAL AGRICULTURAL LIBRARY

1988 appropriation	$12,194,000
1989 budget estimate	13,599,000
House allowance	13,446,000
Committee recommendation	14,682,000

The National Agricultural Library [NAL] had its mission outlined by the Organic Act of 1862, establishing the Department of Agriculture. The act sets forth a mission, "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture in the most comprehensive and general sense of the word," and placed upon the Secretary the responsibility to "procure and preserve all information concerning agriculture which he can obtain by means of books * * *."

The NAL disseminates useful information about agricultural and other related sciences to scientists and researchers, administrators and managers, farmers, and the general public. In addition to providing traditional library services such as bibliographies, reference services and document delivery to agricultural scientists and researchers, NAL is expanding its role and serving a wider audience by using modern information dissemination technology to its fullest. Traditionally, the library has concentrated its thrust toward the agricultural scientists and researchers. The wider audience includes Federal, State, and local administrators, as well as the farmer, the small businessman, public groups at all levels, and the general public.

With approximately 1.8 million volumes of printed material on agriculture and supporting scientific disciplines, NAL has one of the largest collections of its kind in the world. Both current and historical information is collected and organized for effective utilization by a wide range of users.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Library, the Committee recommends an appropriation of $14,682,000. This amount is $2,488,000 more than the 1988 level, $1,083,000 more than the budget request, and $1,236,000 more than the House level.

Included in this amount is up to $750,000 which was formerly transferred from the Animal and Plant Health Inspection Service for the information service in conjunction with the Animal Welfare Act.

Also included is funding for the replacement of transformers and chillers as proposed by the House. The Committee expects the library to maintain the Rural Information Center, the Technology Transfer Information Center, and the Federal Land-Grant Network System.

The Committee provides $583,000 for the National Center for Agricultural Law and Research and Information at the Leflar School of Law in Fayetteville, AR. The center was established in 1988 and will become an invaluable source of legal assistance on agricultural law issues to attorneys, institutions, members of government, farm and farmer advocate groups, and agriculture-related industry. No more than 10 percent of these funds will be retained by NAL for administrative expenses.

OFFICE OF THE ASSISTANT SECRETARY FOR MARKETING AND INSPECTION SERVICES

1988 appropriation	$363,000
1989 budget estimate	[1] 421,000
House allowance	421,000
Committee recommendation	421,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Marketing and Inspection Services provides direction and coordination in carrying out laws enacted by the Congress with respect to the Department's marketing, inspection, and standardization related to grain; competitive marketing practices of livestock, meat and poultry, meat and poultry products, marketing orders, and various programs; veterinary services; and plant protection and quarantine. This Office has oversight and management responsibilities for the Animal and Plant Health Inspection Service, Agricultural Marketing Service, Agricultural Cooperative Service, Food Safety and Inspection Service, Federal Grain Inspection Service, Packers and Stockyards Administration, and Office of Transportation.

COMMITTEE RECOMMENDATION

For the Office of the Assistant Secretary for Marketing and Inspection Services, the Committee recommends an appropriation of $421,000, $58,000 more than the 1988 level, and the same as the budget request and the House level.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

1988 appropriation	$329,330,000
1989 budget estimate	294,243,000
House allowance	329,273,000
Committee recommendation	328,170,000

The Animal and Plant Health Inspection Service [APHIS] conducts programs to protect the animal and plant resources of the Nation from destructive pests and diseases in order to preserve the marketability of U.S. agricultural products within this country and abroad. Three major areas of activity are discussed below.

Animal and plant disease and pest control.—APHIS conducts inspection and quarantine activities at U.S. ports of entry to prevent the introduction of exotic animal and plant diseases and pests; survey, diagnostic, and inspection activities in the United States to locate and prevent the spread of agricultural pests and diseases; control and eradication programs to combat new and endemic infestations and infections; and emergency eradication programs when devastating plant and animal diseases threaten the United States. The agency also participates in inspection, survey, and control activities in foreign countries to reinforce its domestic activities.

Animal damage control.—APHIS carries out a cooperative program to reduce agricultural losses caused by predatory animals, birds, and rodents; conducts control operations for target species on Federal, State, and private lands; provides technical assistance to other cooperators such as States, counties, or farmer or rancher groups; and conducts basic and applied research aimed at reducing economic damage from vertebrate animals.

Other regulatory activities.—APHIS performs other regulatory activities including the development of standards for and the licensing and testing of veterinary biologicals to insure their safety and effectiveness; the inspection of certain establishments which handle animals intended for research, exhibition, and pet purposes, as defined by law, to insure their humane treatment, and the regulation of the import and export of endangered plant species.

COMMITTEE RECOMMENDATIONS

The following table summarizes the Committee's recommendations for the Animal and Plant Health Inspection Service:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

[In thousands of dollars]

	Fiscal year 1988 appropriation	Fiscal year 1989 revised budget	House allowance	Committee recommendation
Plant disease and pest control:				
Agricultural quarantine inspection	60,040	66,468	66,468	66,468
International programs	2,110	2,526	2,526	2,110
Pest detection	3,928	4,466	4,466	3,928
Plant protection programs:				
Africanized honey bee		1,950	1,950	1,950
Biocontrol	4,318	3,318	3,318	4,318
Boll weevil	12,079	213	9,600	9,677
Golden nematode	1,018		1,018	950
Grasshopper and Mormon cricket	3,850	3,165	3,850	3,850
Reserve fund	5,000		5,000	5,000
Gypsy moth	5,442	5,442	5,442	5,442
Imported fire ant	5,000		5,000	5,000
Mediterranean fruit fly	9,706	9,706	9,706	10,006
Mexican fruit fly	1,553	1,553	1,553	1,553
Miscellaneous plant pests	1,124	1,124	1,124	1,124
Noxious weeds	443		443	590
Pink bollworm	1,700	1,087	1,700	1,087
Witchweed	5,281	5,281	5,281	5,281
Total, plant disease and pest control	122,592	106,299	128,445	128,334
Animal disease and pest control:				
Animal disease detection	3,052	5,010	4,800	3,052
Animal health compliance and enforcement	14,694	14,694	14,694	14,694
Import-export inspection	8,604	8,604	8,604	8,604
International programs	2,034	2,330	2,330	2,034
Veterinary biologics	8,641	8,641	8,641	8,641
Veterinary diagnostics	10,867	12,371	12,371	10,867
Animal health programs:				
Brucellosis	65,617	55,841	55,841	55,841
Cattle ticks	6,258	6,258	6,258	6,258
Foot-and-mouth disease (Darien Gap)	3,053	3,053	3,053	3,053
Miscellaneous animal diseases	1,998	1,998	1,998	1,998
National poultry improvement plan	219	219	219	219
Poultry diseases	825	643	643	643

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1988 appropriation	Fiscal year 1989 revised budget	House allowance	Committee recommendation
Animal disease and pest control—Con.				
Animal health programs—Con.				
Pseudorabies	2,400	1,000	2,400	2,944
Screwworm	32,045	32,045	32,045	32,045
Swine health protection	3,265	3,265	3,265	3,265
Tuberculosis eradication	3,889	3,889	3,889	3,889
Animal welfare	6,197	4,922	6,197	6,197
Horse protection	161	161	161	161
Total, animal disease and pest control	173,819	164,944	167,409	164,405
Animal damage control	24,419	13,000	24,419	26,431
Biotechnology	4,000	5,000	4,500	4,500
Contingencies:				
Plant disease and pest control	2,250	2,500	2,250	2,250
Animal disease and pest control	2,250	2,500	2,250	2,250
Total, contingencies	4,500	5,000	4,500	4,500
Total, salaries and expenses	329,330	294,243	329,273	328,170

For the salaries and expenses of the Animal and Plant Health Inspection Service, the Committee recommends an appropriation of $328,170,000. This amount is $33,927,000 more than the budget estimate, $1,160,000 less than the level for fiscal year 1988, and $1,103,000 less than the House amount.

Agricultural quarantine inspection.—For quarantine inspection, the Committee provides $66,468,000, the same as the House and budget levels, and concurs with the House in providing $205,000 for the purchase of additional electronic baggage inspection equipment for airports in Hawaii.

Boll weevil eradication.—The Committee recommends an appropriation of $9,677,000 for the boll weevil eradication program. This amount is $2,402,000 less than the 1988 level, $9,464,000 more than the budget estimate, and $77,000 more than the House amount. This appropriation is provided to maintain the eradication effort in the High Plains area and to continue the expanded Southeast and Southwest programs.

The boll weevil is currently the most important agricultural pest in the United States, responsible for more than $300,000,000 in annual losses and control costs for cotton. The damage caused by the boll weevil and other pests is estimated to be 7 to 20 percent of the U.S. crop. Growers expend about $200,000,000 annually for chemical insecticides and applications. The eradication program is an integrated pest management strategy that has resulted in a dramatic decrease in pesticide usage.

Under the eradication effort, growers contribute 70 percent and the Federal Government 30 percent of program operating costs. During 1988 over 1,350,000 acres of cotton were enrolled in the program. While acreage projections are difficult, it is expected that enrollment in 1989 should equal or exceed 1988 levels.

Noxious weeds.—The Committee recommends $590,000 for noxious weeds. This amount is an increase of $590,000 over the budget request and $147,000 more than the 1988 appropriation and the House level.

This level includes $100,000 for hydrilla in Imperial County, CA, $150,000 to initiate a common crupina eradication program in Idaho and Oregon, $219,000 for goatsrue in Utah, and $121,000 for weed identification work. The common crupina funds should be made available to the Idaho and Oregon State Departments of Agriculture to be used in cooperation with the local counties and the University of Idaho for the eradication of isolated patches of common crupina which are largely responsible for the spread of the weed.

Leafy spurge.—The Committee has included $1,000,000, the same as in 1988, under biocontrol for the leafy spurge program begun last year. North Dakota alone loses approximately $15,000,000 per year through loss of grazing lands to leafy spurge. The Committee notes that the 1988 funds were used to survey for leafy spurge and to release natural enemies in Idaho, Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Washington, and Wyoming.

Brucellosis eradication.—For brucellosis eradication, the Committee recommends a program level of $55,481,000, the same as the budget request and the House level.

Animal damage control.—The Committee recommends $26,431,000, $2,012,000 more than the 1988 and House levels, and $13,431,000 more than the budget request.

The funding includes all programs operated in 1988, including but not limited to: $235,000 on bird resistant sunflower research in North Dakota; $200,000 for the guarding dog program to be equally divided between Washington/Oregon and Idaho/Wyoming; and $100,000 for taste aversion in Arizona. The guarding dog funds should be used to assist in administering the guard dog programs and to continue educational efforts. Federal funds should not be used in the direct purchase of dogs.

In addition, the Committee includes increases of: $500,000 to restore the predator control program in the Western region; $100,000 for the Delta States program for a total of $325,000; $25,000 for pest damage to maple sap pipelines in Vermont for a total of $65,000; $335,000 for blackbird depredation in North and South Dakota for a total of $535,000; $67,000 for Arkansas for a total of $240,000; $885,000 for equipment acquisition and installation; and $100,000 for technical assistance in the Eastern region.

The Committee reiterates its directive that the Department take more aggressive steps to pursue alternative methods of blackbird control including toxicants and chemosterilants. Every effort should be made to obtain the timely experimental use of CPT and other agents.

The Committee believes that the program aimed at cormorants, other fish-eating birds, beaver damage to forest and crop lands, and other predators should continue to receive emphasis in the Delta States due to the significant losses experienced by farmers in the region. The Committee emphasizes that this program should be available to all States in the region.

The Committee is very concerned about the reallocation of funds within ADC away from traditional predator control programs when Congress specifically provided funds for that purpose. Therefore, no future reallocations are to be made without advance notification to the Committee.

Grasshopper and Mormon cricket.—The Committee recommends an appropriation of $8,850,000 for the grasshopper and Mormon cricket programs. This amount is the same as the 1988 and House levels, and $5,685,000 more than the budget request. Of this amount, $5,000,000 is for the reserve fund. The Committee directs that $3,000,000 of the reserve fund be used to continue the Integrated Pest Management project in Idaho and North Dakota in 1989.

Mediterranean fruit fly.—The Committee recommends $10,006,000 for the Mediterranean fruit fly program. This amount is $300,000 more than the 1988 level, the budget request, and the House amount. The increase is provided for the Caribbean Fruitfly Protocol and will be used to expand the current fly-free zone established by USDA and the State of Florida.

Imported fire ant.—The Committee recommends $5,000,000 for the imported fire ant program. This amount is the same as the 1988 and House levels and $5,000,000 more than the budget request.

Pseudorabies.—The Committee recommends $2,944,000 for the pseudorabies [PRV] program. This amount is $544,000 more than was provided in 1988 and $1,944,000 more than the budget request and the House level. The Committee is concerned by reports that 15 percent of the 1988 funds was used for administrative overhead and directs that not more than 5.15 percent of this account be deducted for administrative support.

Pseudorabies is a multispecies disease affecting swine, other livestock, and domestic pets. With the successful completion of several pilot projects that evaluated PRV control and eradication procedures, the effort can now progress to an eradication program. Without this funding, PRV control efforts could break down, allowing areas to become reinfected and ultimately increase the total cost of eradication. These funds will be supplemented by producers and States.

Gypsy moth.—Pursuant to a 1985 agreement between USDA and the State of Oregon, APHIS is to provide such sums as may be necessary to complete treatment on those Federal, State, and private lands in Oregon which remain affected by gypsy moth infestation.

Varroa mite.—The Committee is concerned by recent reports of varroa mite infestations and the devastating efforts they may have on the honey industry. Therefore, the Department is urged to do whatever possible to control these outbreaks. Should the Secretary of Agriculture determine it is necessary to destroy bee colonies to control the spread of the varroa mite, the Committee encourages the Secretary to exercise his extraordinary emergency powers to indemnify beekeepers for the loss of their bee colonies.

Animal Welfare Act.—For enforcement of the Animal Welfare Act, the Committee recommends $6,197,000, an increase of $1,275,000 over the budget request, and the same as the House and 1988 levels. This amount is actually a $750,000 increase over the 1988 level because the Committee does not recommend a transfer of this amount to the National Agricultural Library [NAL] for the information service. Rather, funding for this service is included in the NAL account.

The Committee wishes to express strong support for the APHIS animal welfare inspection program and its commitment to ensuring that both human and animal health and welfare will continue to advance through humane and responsible animal research.

The Committee has included additional funds in the bill to enhance the animal welfare program through increased frequency of inspections and inspector training. The Committee expects that a portion of these funds will be directed toward developing and implementing a comprehensive training program to provide inspectors of research facilities with basic competence in laboratory animal medicine, knowledge of animal behavior typical to the different species used in research and an appreciation of both scientific methods and animal welfare. Through this training, the Committee expects that the agency will better fulfill its responsibility to carry out adequate and regular inspections of facilities.

The Committee is concerned by the long delay in publishing final regulations for enforcement of the Improved Standards for Laboratory Animals amendments to the Animal Welfare Act passed in 1985 (effective date, December 23, 1986) and expects expeditious action on the final regulations so that the law can take effect before the end of calendar year 1988.

Contingencies.—The Committee recommends $2,250,000 for plant disease and pest control contingencies and $2,250,000 for animal disease and pest control contingencies, for a total of $4,500,000. This amount is the same as the amount available in 1988 and the House level, and $500,000 less than the budget request. Bill language is included which allows the use of this contingency for animal damage control purposes.

BUILDINGS AND FACILITIES

1988 appropriation	$2,246,000
1989 budget estimate	2,847,000
House allowance	2,546,000
Committee recommendation	2,847,000

This account funds major nonrecurring construction projects in support of specific program activities and recurring construction, alterations, and repairs of existing APHIS facilities.

COMMITTEE RECOMMENDATIONS

For buildings and facilities of the Animal and Plant Health Inspection Service for 1989, the Committee recommends an appropriation of $2,847,000. This amount is $601,000 more than the 1988 appropriation, the same as the budget estimate, and $301,000 more than the House level.

The increase over 1988 will provide funds for necessary repairs, alterations, and improvements of Animal Damage Control laboratories and facilities which are desperately needed.

FOOD SAFETY AND INSPECTION SERVICE

1988 appropriation	$392,009,000
1989 budget estimate	405,680,000
House allowance	404,954,000
Committee recommendation	405,680,000

The Food Safety and Inspection Service [FSIS] was established on June 17, 1981, by Secretary's Memorandum No. 1000–1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201).

The major objective of FSIS is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act.

The Meat and Poultry Inspection Program of FSIS provides in-plant inspection of all domestic plants preparing meat or poultry products for sale or distribution in commerce; reviews foreign inspection systems and establishments that prepare meat or poultry products for export to the United States; and provides technical and financial assistance to States which maintain meat and poultry inspection programs equal to that of the Federal Inspection Program.

COMMITTEE RECOMMENDATIONS

For the Food Safety and Inspection Service, the Committee recommends an appropriation of $405,680,000. This amount is $13,671,000 more than the amount provided in 1988, the same as the budget estimate, and $726,000 more than the House level.

FEDERAL GRAIN INSPECTION SERVICE

SALARIES AND EXPENSES

1988 appropriation	$7,020,000
1989 budget estimate	8,255,000
House allowance	8,115,000
Committee recommendation	8,255,000

The Federal Grain Inspection Service [FGIS] was established on November 20, 1976, to carry out and administer the provisions of the U.S. Grain Standards Act [USGSA] (Public Law 94–582). The mission of FGIS is to provide for the establishment of official U.S. standards for grain and other commodities, to promote the uniform application thereof by official inspection personnel, to provide for an official inspection system for grain, and regulate the weighing and certification of the weighing of grain shipped in interstate or foreign commerce as authorized by the USGSA and the regulations thereof; and to carry out the delegated responsibilities under the Agricultural Marketing Act of 1946 [AMA]. The costs of nearly all field services and most headquarters activities are financed from fees charged for services performed. Compliance and standardization activities, international monitoring, and the FGIS Advisory Committee are financed from appropriations. The Grain Quality Improvement Act of 1986 was enacted on November 10, 1986, to improve the quality of U.S. grain by prohibiting the introduction and reintroduction of dockage and foreign material to grain.

COMMITTEE RECOMMENDATIONS

For the Federal Grain Inspection Service, the Committee recommends an appropriation of $8,255,000. This amount is $1,235,000 more than the amount provided in 1988, the same as the budget request, and $140,000 more than the House level. The increase is provided for implementation of the Grain Quality Improvement Act of 1986.

INSPECTION AND WEIGHING SERVICES

1988 limitation	$36,856,000
1989 budget estimate	36,856,000
House allowance	36,856,000
Committee recommendation	36,856,000

The Federal Grain Inspection Service provides an official grain inspection and weighing system under the U.S. Grain Standards Act [USGSA], and official inspection of rice and grain related products under the Agricultural Marketing Act [AMA] of 1946. The USGSA was amended in 1981 to require the collection of user fees to fund the costs associated with the operation, supervision, and administration of Federal grain inspection and weighing activities.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of $36,856,000 on the obligation of funds collected through user fees. The limitation is the same as the amount available in 1988, the budget estimate, and the House level.

AGRICULTURAL COOPERATIVE SERVICE

1988 appropriation	$4,611,000
1989 budget estimate	2,303,000
House allowance	4,655,000
Committee recommendation	4,655,000

The Agricultural Cooperative Service [ACS] is assigned functions under both the Cooperative Marketing Act of 1926 and functions that relate to the economic and marketing aspects of farmer cooperatives under the Agricultural Marketing Act of 1946. Under the Cooperative

Marketing Act, ACS is authorized to: (1) acquire, analyze and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries; (2) conduct studies of the economic, legal, financial, social, and other phases of cooperation, including analyses of the organization, operation, financial, and merchandising problems of cooperative associations; (3) make surveys and analyses of the accounts and business practices of representative cooperative associations; (4) confer and advise producers who want to form a cooperative association and make economic analyses of facts relevant to establishing such an association; (5) promote knowledge about cooperative principles and practices; and (6) acquire and disseminate such information.

Under the Agricultural Marketing Act, ACS is authorized to carry out responsibilities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings. In addition, ACS is authorized to work with institutions and international organizations and to conduct research to aid new and existing cooperatives.

ACS serves as the focal point of national activity involving agricultural cooperatives. The purpose of ACS is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives. The studies conducted by ACS, alone or in conjunction with other Federal or State institutions, are intended to provide farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $4,655,000 for the Agricultural Cooperative Service for the fiscal year 1989. This amount is $44,000 above the amount provided in 1988, $2,352,000 more than the budget estimate, and the same as the House level. The Committee rejects the proposed reductions in research activities and technical assistance provided to existing cooperatives and directs that the Service be fully staffed.

The Committee notes that cooperatives that serve rural areas, be they agricultural, financial, rural utility, or otherwise, are well positioned to promote and assist in rural development efforts. Cooperatives provide and support thousands of jobs in rural communities and, in many cases, serve as the focal point for community activities. The Committee will expect the Agricultural Cooperative Service to undertake a study of the potential for cooperatives to expand their role in rural development through the provision of services, financing, and economic development to improve the quality of life in rural America.

The Committee has maintained bill language which earmarks $99,000 for a field office in Hawaii.

AGRICULTURAL MARKETING SERVICE

The Agricultural Marketing Service [AMS] was established by the Secretary of Agriculture on April 2, 1972. AMS carries out programs authorized by some 31 different statutory authorities, the primary ones being the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627); the U.S. Cotton Standards Act (7 U.S.C. 51–65); the Cotton Statistics and Estimates Act (7 U.S.C. 471–476); the Tobacco Inspection Act (7 U.S.C. 511–511q); the Perishable Agricultural Commodities Act (7 U.S.C. 499a–499s); the Egg Products Inspection Act (21 U.S.C. 1031–1056); and section 32 (15 U.S.C. 713c).

The primary objective of AMS is to enhance the marketing and distribution of agricultural products from the Nation's farms. This is achieved through the collection and dissemination of market news information, the establishment of grading standards, inspection and grading services, and various marketing development programs. Approximately three-fourths of the funds needed to finance these activities are derived through user fees.

The Agricultural Marketing Service administers the following programs: Market news service; inspection, grading, and standardization services; market protection and promotion activities; wholesale market development; Federal-State Marketing Improvement Program; Perishable Agricultural Commodities Act; and strengthening markets, income, and supply (section 32). The AMS also provides program-related services for Federal, State, and private agencies on a reimbursable basis.

MARKETING SERVICES

1988 appropriation	$32,409,000
1989 budget estimate	33,087,000
House allowance	33,373,000
Committee recommendation	33,541,000

COMMITTEE RECOMMENDATIONS

For marketing services, the Committee recommends an appropriation of $33,541,000. This amount is $1,132,000 more than the amount provided in 1988, $454,000 more than the budget estimate, and $168,000 more than the House level. The Committee restores funding for the Federal Seed Act and wholesale market development programs.

The Agricultural Marketing Service is undertaking a two-stage process to computerize all of its market news activities, including the establishment of a central database. In this process, it will be necessary for AMS to develop a small-scale prototype, defining feasibility, cost effectiveness, and general functional specifications for full-scale design and implementation of a central database.

In the past, the University of Florida has participated in various market news collection and reporting activities and has provided recommendations for the conceptual framework of a central database. The Committee expects the Service to utilize the University of Florida in developing its prototype computer database for the Market News Program.

LIMITATION ON ADMINISTRATIVE EXPENSES

1988 limitation	$30,628,000
1989 budget estimate	31,701,000
House allowance	31,701,000
Committee recommendation	34,000,000

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35) initiated a system of user fees for the cost of grading and classing tobacco, cotton, naval stores, and for warehouse examination. These activities, authorized under the U.S. Cotton Standards Act, the Tobacco Inspection Act, the Naval Stores Act, the U.S. Warehouse Act, and other provisions of law are designed to facilitate commerce and to protect participants in the industry.

COMMITTEE RECOMMENDATIONS

The Committee recommends a limitation on obligations from user fees for these activities of $34,000,000. This amount is $3,372,000 more than last year's level, and $2,299,000 more than the budget request and the House level. The increase is necessary because of increases in estimated crop size, the move toward automated cotton classing operations, and the increased testing of imported tobacco required by newly imposed legislation.

The Committee has also included bill language allowing the Service to exceed the limitation by 10 percent if crop size is understated and/or other uncontrollable factors occur. The limitation may not be exceeded without prior notification to the House and Senate Committees on Appropriations. Since these activities are supported by user fees, the Committee feels the programs should not be suspended due to lack of funds.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

(BY TRANSFER)

1988 appropriation	$7,601,000
1989 budget estimate	7,911,000
House allowance	7,811,000
Committee recommendation	7,911,000

Under section 32 of the act of August 24, 1935 (7 U.S.C. 612c), an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances up to $300,000,000 are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce. Additional transfers to the child nutrition programs of the Food and Nutrition Service have been provided in recent appropriation acts.

The section 32 program administered by the Agricultural Marketing Service consists of commodity purchases for the removal of surplus agricultural products and the subsequent donation of these products to domestic feeding programs; the administration of commodity contracting in the commodity purchase services activity; and the administration of marketing agreements and orders.

COMMITTEE RECOMMENDATIONS

The Committee recommends a program that will provide for an unobligated balance of approximately $172,407,000 at the end of fiscal year 1989. This is based on actual customs receipts for calendar year 1986.

The Committee recommends a transfer from section 32 funds of $7,911,000 for the formulation and administration of marketing agreements and orders. This amount is the same as the budget request, $310,000 more than the amount provided in 1988, and $100,000 above the House level.

PAYMENTS TO STATES AND POSSESSIONS

1988 appropriation	$942,000
1989 budget estimate	
House allowance	942,000
Committee recommendation	942,000

The Federal-State Marketing Improvement Program is authorized by section 204(b) of the Agricultural Marketing Act of 1946, in which cooperative agreements are authorized between the U.S. Department of Agriculture and State departments of agriculture or similar State agencies. Beginning in fiscal year 1980, those projects funded were coordinated with the Wholesale Market Development Program. These agreements make possible joint Federal/State projects aimed at improving the efficiency of the agricultural marketing chain. The States contribute at least half of the cost of such projects. The work is performed either by State personnel or is contracted out to private industry.

Payments are made to State marketing agencies to assist in testing new marketing innovations to reduce the cost of marketing and seek means for providing more reliable market information, developing better quality commodity grading standards, and developing additional domestic and foreign market outlets. This program has covered such projects as: electronic marketing, telephone auction systems, maintaining and improving the quality of products, reducing marketing costs, expanding outlets for products, collecting and disseminating special State and local market information and statistics, and improving the organizational structure of the marketing system.

COMMITTEE RECOMMENDATIONS

For payments to States and possessions, the Committee recommends $942,000. This amount is the same as the amount that was provided in 1988 and as the House level. No appropriation was requested in the budget. The Committee finds that this program is necessary for developing innovative marketing techniques.

OFFICE OF TRANSPORTATION

1988 appropriation	$2,397,000
1989 budget estimate	1,395,000
House allowance	2,397,000
Committee recommendation	2,419,000

The Office of Transportation [OT] was established by Secretary's Memorandum 1966 on December 12, 1978. The Office consolidated several transportation functions of the Department of Agriculture in an attempt to solve problems of United States and world agricultural problems.

Activities of the Office of Transportation have been centered on providing technical assistance to shippers and carriers, providing research, development, and demonstrations of agricultural transport equipment, analyzing the unique transportation needs of rural America, and representing the Department of Agriculture in regulatory actions involving various Federal departments and agencies.

COMMITTEE RECOMMENDATIONS

For the Office of Transportation, the Committee recommends an appropriation of $2,419,000. This amount is $22,000 more than the 1988 level, $1,024,000 more than the budget estimate, and $22,000 more than the House level. The Committee rejects the proposal to terminate this Office.

PACKERS AND STOCKYARDS ADMINISTRATION

1988 appropriation	$9,402,000
1989 budget estimate	9,562,000
House allowance	9,562,000
Committee recommendation	9,562,000

The Packers and Stockyards Administration [P&SA] was reestablished by Secretary's Memorandum No. 1000-1, of June 17, 1981, and administers the Packers and Stockyards Act of 1921. The agency carries out the Secretary's responsibilities under section 1324 of the Food Security Act of 1985 covering central filing systems established by States for prenotification of security interests against farm products. The agency also has responsibility for persons and firms subject to the Packers and Stockyards Act for the Truth-in-Lending Act, the Fair Credit Reporting Act, and Freedom of Information Act.

The principal purpose of the Packers and Stockyards Administration programs is to assure the integrity of the livestock, meat, and poultry markets and the marketplace. This includes fostering fair and open competition and guarding against deceptive and fraudulent practices which affect the movement and price of meat animals and the products therefrom. The work of the agency is also aimed at protecting consumers and members of the livestock, meat, and poultry industries against unfair business practices which can unduly affect meat and poultry distribution and prices.

The Food Security Act of 1985 permits the States to establish central filing systems for the purpose of prenotifying buyers, commission merchants, and seller agents of security interests against farm products. It is the responsibility of the Packers and Stockyards Administration to issue regulations and to certify those systems which meet the criteria set forth in the statute.

In 1987 the Packers and Stockyards Act was amended to provide financial protection to poultry growers and sellers, and to clarify Federal jurisdiction under the act. The act is cited as the Poultry Producers Financial Protection Act of 1987.

COMMITTEE RECOMMENDATIONS

For the Packers and Stockyards Administration, the Committee recommends an appropriation of $9,562,000. This amount is $160,000 more than the 1988 appropriation and the same as the budget estimate and the House level.

FARM INCOME STABILIZATION

OFFICE OF THE UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

1988 appropriation	$524,000
1989 budget estimate	[1] 413,000
House allowance	413,000
Committee recommendation	413,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Under Secretary for International Affairs and Commodity Programs administers the laws enacted by the Congress for the Foreign Agricultural Service, Agricultural Stabilization and Conservation Service, the Commodity Credit Corporation, and the Office of International Cooperation and Development.

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for International Affairs and Commodity Programs, the Committee recommends an appropriation of $413,000, $111,000 less than the 1988 level and the same as the budget request and the House level.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The Agricultural Stabilization and Conservation Service [ASCS] was established by the Secretary of Agriculture on June 5, 1961, under the authority of Reorganization Plan No. 2 of 1953, in accordance with the Reorganization Act of 1949, as amended (5 U.S.C. 901–913). The warehouse examination function was transferred from the Agricultural Marketing Service to ASCS under Secretary's Memorandum 1020–15, effective May 13, 1984. The U.S. Warehouse Act (7 U.S.C. 241–273) is the legislative authority for this program. The Food Security Act of 1985, enacted on December 23, 1985, provided for changes to several existing programs and required the implementation of many new programs, primarily those operated through the Commodity Credit Corporation.

The ASCS conducts its programs in the field through a number of offices. Agricultural Stabilization and Conservation State and county committees are responsible for local administration of a variety of programs dealing directly with the farmer. Through the farmer-elected agricultural stabilization and conservation [ASC] county committees, ASCS also obtains recommendations and advice in the formulation of program plans and policies. There are 50 ASC State committees, an ASC committee in Puerto Rico, and 3,054 county committees. The Washington headquarters offices and the Kansas City field offices are the principal staff offices for carrying out activities of the Commodity Credit Corporation [CCC]. Such functions include accounting for loans and purchases; acquisition, management, storage, and disposition of commodities; and related transportation and accounting activities.

ASCS licenses warehouses and performs inspections of these facilities, for a fee, to reduce the risk of financial loss to depositors storing commodities at licensed facilities. Inspections are also performed on nonlicensed facilities that have storage contracts with CCC for commodities owned by or pledged as collateral to CCC.

SALARIES AND EXPENSES

(BY TRANSFER)

	Transfer from CCC
1988 allotment	$565,000,000
1989 budget estimate	580,000,000
House allowance	580,000,000
Committee recommendation	580,000,000

The account "Salaries and expenses, Agricultural Stabilization and Conservation Service," funds the administrative expenses of program administration and other functions assigned to ASCS. The funds consist of transfers from the Commodity Credit Corporation [CCC] and miscellaneous advances from other sources. These transfers consolidate all administrative funds used by ASCS into one account. The consolidation provides clarity and better management and control of funds, and facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

Activities carried out under this program include program formulation and appraisal; operation of supply adjustment, conservation, and price support programs; inventory management and merchandising; and warehouse examination.

COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Agricultural Stabilization and Conservation Service, the Committee recommends that $580,000,000 be transferred from the Commodity Credit Corporation. This amount is

$15,000,000 more than was provided in 1988 and the same as the budget estimate and the House level. Included in this amount is $240,000 to restore funding for the cotton warehouse examinations.

DAIRY INDEMNITY PROGRAM

1988 appropriation	$95,000
1989 budget estimate	....
House allowance	5,000
Committee recommendation	5,000

Under this program, the Department makes indemnification payments to dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer losses because they are directed to remove their milk from commercial markets due to contamination of their products by registered pesticides. The program also authorizes indemnity payments to dairy farmers for losses resulting from the removal of cows or dairy products from the market due to nuclear radiation or fallout. The authorization for this program was extended through September 30, 1990, by the Food Security Act of 1985 (Public Law 99–198).

COMMITTEE RECOMMENDATIONS

For the Dairy Indemnity Program, the Committee recommends $5,000. This amount is $90,000 less than the 1988 level and the same as the House level. No funds were requested in the President's budget.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION

ADMINISTRATIVE AND OPERATING EXPENSES

1988 appropriation	$200,000,000
1989 budget estimate	217,970,000
House allowance	200,426,000
Committee recommendation	203,571,000

The Federal Crop Insurance Corporation [FCIC], a wholly owned Government corporation, was created on February 16, 1938 (7 U.S.C. 1501–1520), to carry out the provisions of the Federal Crop Insurance Act. The purpose of the Corporation is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance.

The Federal Crop Insurance Corporation provides a cost-sharing insurance program for agricultural producers to protect their production investment against unavoidable risks. The crop insurance program constitutes a joint effort by the private insurance industry and the Government. The private insurance companies and agents are being utilized in the delivery of the program to the farmers.

The Federal Crop Insurance Program comprises the following major activities: (1) underwriting, actuarial, and program development which consists of the development of crop insurance programs and the establishment and maintenance of rates and coverages for crops in each county; (2) reinsured companies which covers the insurance companies' costs of insurance marketing, distribution, servicing, training, quality control, and loss adjustment functions. The companies also share with FCIC to a limited extent in both profits and losses; (3) agency sales and service agreements and loss adjustment contracts consist of what is commonly referred to as master marketing agreements and the loss adjustment contracts associated with direct insurance operations. Under this type of agreement, private insurance companies and associations are offered the opportunity to contract with FCIC to provide insurance sales and services. Also included are amounts necessary for the loss adjustment activities contracted by FCIC, which are associated with these contracts; (4) compliance consists of reviews of the activities of the reinsured companies to assure compliance and uniformity in loss adjustment procedures, training development, quality control methods utilized and, in general, all service operating facets of the crop insurance program; (5) program management and administrative support consists of the contract administration and marketing for the dual delivery system of crop insurance as well as administrative support in financial, management services, and personnel management for FCIC.

The various crop insurance programs are planned, developed, and monitored by the FCIC headquarters office located in Washington, DC, and its national operations office located in Kansas City, MO. The program is administered in the field through 18 field operations offices and 11 field actuarial offices. Selling and servicing at the county level is performed primarily by agents operating under agency sales and service agreements (master marketing agreements) and agents of reinsured companies. The adjustment of losses is performed primarily by adjusters and reinsured companies under contract with FCIC. Also, ASCS performs some support on a reimbursable basis for the Corporation.

COMMITTEE RECOMMENDATIONS

For administrative and operating expenses of the Federal Crop Insurance Corporation, the Committee recommends an appropriation of $203,571,000. This amount is $3,571,000 more than the amount provided in 1988 and $14,399,000 less than the budget estimate, and $3,145,000 more than the House level.

The Committee commends the Federal Crop Insurance Corporation for the continued emphasis and improvement of the Compliance Division. However, the Committee notes that the Compliance Division is not fully staffed and encourages FCIC to take steps to do so immediately. An efficient and effective Compliance Division will ensure that previous allegations of improper loss adjustment practices will be alleviated.

The Committee recognizes FCIC efforts to provide a balanced delivery system to ensure that both Federal paper and multiperil crop paper have equal emphasis.

The Committee recognizes the strong demand for crop insurance to cover ornamental horticultural crops. Since Florida is a leading producer of horticultural crops, a great portion of nursery crop insurance is purchased by Florida growers. However, because of unique growing conditions in Florida and the current policy structures, more insurance premiums would be sold in Florida if the FCIC would amend its current insurance policy or develop a separate policy for Florida. The Committee continues to encourage the FCIC to consider making appropriate changes.

FCIC FUND

1988 appropriation	$228,523,000
1989 budget estimate	112,000,000
House allowance	112,000,000
Committee recommendation	112,000,000

The Federal Crop Insurance Act of 1980, as amended, authorizes the payment of up to 30 percent of the adjusted insurance premium paid by agricultural producers participating in the program. Subsidies will be paid by the Corporation based upon 30 percent of the risk premium (reduced, where applicable, for hail and fire exclusion) on any coverage under the Corporation's policy of insurance of up to a maximum of 65 percent of the recorded or appraised yield, and encourage the broadest possible participation of agricultural producers in the program.

COMMITTEE RECOMMENDATIONS

For the FCIC fund, the Committee recommends an appropriation of $112,000,000, which is $116,523,000 less than the amount available in 1988 and the same as the budget request and the House level.

Commodity Credit Corporation

The Commodity Credit Corporation [CCC] is a wholly owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are support programs for agricultural commodities, including the storage, handling, and disposition of commodities acquired under the programs; set-aside or acreage reduction, loan deficiency, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; certificate programs; a conservation reserve program; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, (Public Law 480), which are financed by appropriations authorized by statutes providing for these activities. Under the Food for

Peace Act of 1966, CCC may finance short-term export sales on credit terms not to exceed 3 years, and intermediate-term export credit sales in excess of 3 years, but not more than 10 years. The Corporation is also authorized under its charter to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture.

The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service [ASCS] and the Agricultural Stabilization and Conservation [ASC] State and county committees. The Foreign Agricultural Service, the General Sales Manager, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

The Corporation's capital stock of $100,000,000 is held by the United States. Under present law up to $30,000,000,000 may be borrowed from the U.S. Treasury, from private lending agencies, and from others, at any one time. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury.

Under Public Law 87–155 (15 U.S.C. 713a–11, 713a–12), annual appropriations are authorized for each fiscal year, commencing with fiscal year 1961. These appropriations are to reimburse the Corporation for net realized losses.

REIMBURSEMENT FOR NET REALIZED LOSSES

1988 appropriation	([1])
1989 budget estimate	[2] $9,828,286,000
House allowance	6,828,286,000
Committee recommendation	9,828,286,000

[1] $21,133,658,000 was provided for "Operating expenses" in 1988 rather than a reimbursement.

[2] Amount proposed to be reimbursed through a current indefinite appropriation.

COMMITTEE RECOMMENDATIONS

For reimbursement for net realized losses, the Committee recommends a current, indefinite appropriation as proposed by the budget. The budget estimated that $9,828,286,000 will be necessary to reimburse the Corporation for net realized losses. No reimbursement was provided in 1988. The House recommends such sums as may be necessary, but limits them to $6,828,286,000, $3,000,000,000 less than the administration's estimate.

HONEY LOANS

The Committee has deleted the House general provision limiting honey loans to $250,000. Such loan levels are set by the Food Security Act of 1985, and the Committee feels it is improper to change them in an appropriations bill.

GENERAL SALES MANAGER

(BY TRANSFER)

1988 allotment	$7,157,000
1989 budget estimate	7,268,000
House allowance	7,200,000
Committee recommendation	7,268,000

The General Sales Manager was established pursuant to section 5(f) of the charter of the Commodity Credit Corporation and 15 U.S.C. 714–714p. The funds allocated to the General Sales Manager are used for conducting the following programs: (1) CCC Export Credit Guarantee Program (GSM–102), (2) Intermediate Credit Guarantee Program (GSM–103), (3) Public Law 480, (4) section 416 Overseas Donations Program, (5) Export Enhancement Program, (6) Targeted Export Assistance Program, and (7) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of most CCC-owned commodities, export payments, and other programs as assigned to encourage and enhance the export of U.S. agricultural commodities.

COMMITTEE RECOMMENDATIONS

For the General Sales Manager, the Committee recommends a transfer of $7,268,000 from Commodity Credit Corporation funds, the same as the budget estimate. This amount is $111,000 more than the amount available for fiscal year 1988 and $68,000 more than the House level.

The Committee supports the continued commitment to commercial export credit programs. Noting particularly the overall success of GSM–102, the Committee rejects the administration's proposal to reduce available credit and further emphasizes that GSM–102 and GSM–103 were designed to work in conjunction with the Export Enhancement Program and other promotional programs and must not be supplanted by them.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

RURAL DEVELOPMENT ASSISTANCE

OFFICE OF THE UNDER SECRETARY FOR SMALL COMMUNITY AND RURAL DEVELOPMENT

1988 appropriation	$440,000
1989 budget estimate	[1] 418,000
House allowance	418,000
Committee recommendation	418,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Under Secretary for Small Community and Rural Development provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's small community and rural development activities and crop insurance programs. The Office has oversight and management responsibilities for the Farmers Home Administration, Rural Electrification Administration, and the Federal Crop Insurance Corporation.

COMMITTEE RECOMMENDATION

For the Office of the Under Secretary for Small Community and Rural Development, the Committee recommends $418,000. This amount is $22,000 less than the 1988 level and the same as the budget request and the House level.

FARMERS HOME ADMINISTRATION

The Farmers Home Administration provides credit for those in rural America who are unable to get credit from other sources at reasonable rates and terms. Loan programs are administered through the Agricultural Credit Insurance Fund, the Rural Housing Insurance Fund, the Rural Development Insurance Fund, and the Rural Development Loan Fund. The agency also administers several grant programs.

The agency was established by the Farmers Home Administration Act of 1946 and operates principally under the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921 et seq.) and title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.).

The Farmers Home Administration makes loans from funds borrowed from the U.S. Treasury and from sales of certificates of beneficial ownership to the Federal Financing Bank.

COMMITTEE RECOMMENDATIONS

The following table reflects the loan and grant program levels of programs administered by the agency in 1988, proposed in the budget for 1989, and recommended by the Committee:

LOAN AND GRANT LEVELS

[In thousands of dollars]

	1988 level	1989 budget	House allowance	Committee recommendation
Rural Housing Insurance Fund:				
Very low-income housing repair loans (sec. 504)	11,330		11,330	11,330
Low-income housing loans (sec. 502)	1,266,710		1,266,710	1,116,144
Rural rental housing loans (sec. 515)	554,900		554,900	554,900
Domestic farm labor housing loans (sec. 514)	11,480		11,480	11,480
Rural housing site development loans (sec. 524)	570		570	570
Rural rental assistance agreements	275,310		275,310	275,310
Subtotal, Rural Housing Insurance Fund	2,120,300		2,120,300	1,969,734
Self-help Housing Land Development Fund	500		500	500
Agricultural Credit Insurance Fund:				
Farm ownership loans (insured)	115,000		115,000	75,000
Farm ownership loans (guaranteed)	390,000	100,000	454,000	494,000
Farm operating loans (insured)	900,000	500,000	900,000	900,000
Farm operating loans (guaranteed)	2,400,000	3,500,000	2,300,000	3,100,000
Emergency disaster loans	600,000	100,000	600,000	600,000
Soil and water loans (insured)	11,000		11,000	6,000
Soil and water loans (guaranteed)	3,000		3,000	3,000
Indian land acquisition loans	2,000		2,000	2,000
Soil conservation loans	9,156		9,156	9,156
State mediation program				3,000
Subtotal, Agricultural Credit Insurance Fund	4,430,156	4,200,000	4,394,156	5,192,156
Rural Development Insurance Fund:				
Water and waste disposal loans	330,380	250,000	330,380	330,380
Industrial development loans (guaranteed)	95,700	95,700	95,700	95,700
Community facility loans	95,700	50,000	95,700	95,700
Subtotal, Rural Development Insurance Fund	521,780	395,700	521,780	521,780
Rural Development Loan Fund	14,000		6,500	14,000
GRANT PROGRAMS				
Water and waste disposal grants	109,395	75,000	109,395	109,395
Domestic farm labor housing grants	9,513		9,513	9,513
Mutual and self-help housing grants	8,000		8,000	8,000
Very low-income housing repair grants (sec. 504)	12,500		12,500	12,500
Rural community fire protection	3,091		3,091	3,091
Compensation for construction defects	713		500	713
Rural housing preservation grants	19,140		19,140	19,140

LOAN AND GRANT LEVELS—Continued

[In thousands of dollars]

	1988 level	1989 budget	House allowance	Committee recommendation
GRANT PROGRAMS—Continued				
Rural development grants	6,500		540	6,500
Vouchers		381,600		
Total, grant programs	168,852	456,600	162,679	168,852
Total, FmHA loans and grants	7,255,588	5,052,300	7,205,915	7,867,022

NOTE.—Totals may not add due to rounding.

RURAL HOUSING INSURANCE FUND

The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89–117), approved August 10, 1965. Public Law 89–117 authorized an appropriation of such sums as may be necessary for the purposes of the fund.

This fund may be used to insure or guarantee rural housing loans; loans for purchasing new or existing rural homes, loans for modernizing or improving rural dwellings, especially in order to make them safer or more sanitary; loans for rural rental and cooperative housing; farm labor housing loans; rural housing site loans; and mobile home park loans. Beginning in fiscal year 1978, rental assistance payments were made from the fund. Loan programs are limited to rural areas which include towns, villages and other places of not more than 10,000 population, which are not part of an urban area, and areas with a population in excess of 10,000 but less than 20,000 if such area is not included in a standard metropolitan statistical area [SMSA] and has a serious lack of mortgage credit for low- and moderate-income borrowers.

This fund provides a variety of loans, within the income categories mentioned, including the following low-income housing assistance: subsidized loans for repairs, general purpose loans, domestic farm labor loans, and rental or cooperative loans. Unsubsidized loans for low-income persons include general purpose loans, site loans, and certain repair loans.

INSURED LOANS

1988 loan level	$1,844,990,000
1989 budget estimate	
House allowance	1,844,990,000
Committee recommendation	1,694,424,000

Very low-income housing repair loans (section 504).—Loans are made to eligible very low-income applicants who are owners of farms or nonfarm rural property, for the purpose of improving or modernizing a rural dwelling, making the dwellings safer or more sanitary, or removing hazards. The Secretary determines the maximum amount of the loan. These secured loans are made at 1 percent interest and are repayable within 20 years, except that a loan for less than $2,500 need only be secured by a promissory note.

Rural housing building and repair loans (section 502).—Loans are made to enable eligible low-income applicants to purchase, construct, improve, alter, repair, or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. Not less than 40 percent of the funding authorized nationally shall be set aside and 30 percent in each State will be available for very low-income families. These loans bear a note rate based on the cost of money to the Treasury with provisions for interest credit which may reduce the interest rate to as low as 1 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design, and cost.

Rural rental and cooperative building loans (section 515).—Loans are authorized to be made to individuals, corporations, Indian tribes, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly or handicapped persons or families and other persons of low and moderate income in rural areas. Repaired or rehabilitated rental projects are encouraged in order to provide affordable housing. These loans are repayable in not more than 50 years and currently bear a note rate based on the cost of money to the Treasury with provision for interest credit to tenants which may reduce the interest rate to as low as 1 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies. The Farmers Home Administration has in the past made its rural rental housing loans in conjunction with the Department of Housing and Urban Development's section 8 Rent Subsidy Program. Loans made for units that will receive section 8 assistance bear an interest rate that is reduced either 1 or 2 percent below the unsubsidized rate, depending upon the circumstances of the individual project.

Farm labor housing loans (section 514).—Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farm workers to provide modest living quarters, basic household furnishing, and related facilities, including land necessary for an adequate site, for domestic farm labor. Loans will be made based on a determination of need considering housing needs of domestic farm labor, including migrant farm workers in the area, without regard to other housing needs in the area. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in this report.

Rural housing site loans (section 524) (unsubsidized).—Loans are made for purchase and development of land to be subdivided into building sites for low to moderate income housing borrowers and rural rental and cooperative housing borrowers. Insured loans are made at a note rate based on the cost of money to the Treasury, and are repayable in 2 years.

COMMITTEE RECOMMENDATIONS

For insured loans, the Committee recommends a level of $1,694,424,000. This amount is $150,566,000 less than the 1988 level and the House allowance.

The table at the beginning of the Farmers Home Administration section of this report illustrates the distribution of these funds among the various housing programs.

The budget request contained no funding for the traditional housing programs. Rather, it proposed a housing voucher program funded at $381,600,000. The Committee rejects this proposal. The Committee recommendation for section 502 low-income housing loans is $1,116,144,000, the authorized level.

The Committee has repeated language similar to 1988 which provides for the continuance of rural housing programs in Lincoln, ND.

RURAL RENTAL ASSISTANCE PAYMENTS

1988 limitation	$275,310,000
1989 budget estimate	
House allowance	275,310,000
Committee recommendation	275,310,000

The Housing and Community Development Act of 1974 established a Rural Rental Assistance Program to be administered by Farmers Home Administration through the Rural Housing Insurance Fund.

The objective of the program is to reduce rents paid by low-income families living in FmHA-financed rental projects and farm labor housing facilities. Under this program, low-income tenants will contribute the higher of (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly income, or (3) designated housing payments from a welfare agency.

Payments from the fund are made to the project owner for the difference between the tenant's payment and the approved rental rate established for the unit.

The program is administered in tandem with FmHA section 515 rural rental and cooperative housing programs, and the farm labor loan and grant programs. Priority will be given to existing projects for units occupied by low-income families to extend expiring contracts or provide full amounts authorized to existing contracts; any remaining authority will be used for projects receiving new construction commitments under sections 514, 515, or 516 for very low-income families with certain limitations.

COMMITTEE RECOMMENDATIONS

For rural rental assistance payments, the Committee recommends an authorization of $275,310,000, which is the same as the amount available in fiscal year 1988, $275,310,000 above the budget request, and the same as the House level. Of this amount, $115,000,000 is for newly constructed units financed under the FmHA rural rental housing and farmworker housing program and $160,310.000 to be used for renewal of existing contracts and for servicing of units with high vacancy rates. This recommendation will result in assistance to some 10,000 newly constructed units and approximately 13,500 units eligible for renewal or servicing.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND OTHER LOSSES

1988 appropriation	$2,964,249,000
1989 budget estimate	3,660,061,000
House allowance	3,660,061,000
Committee recommendation	3,660,061,000

This appropriation will reimburse the Rural Housing Insurance Fund [RHIF] for funded interest subsidies and losses incurred in fiscal year 1986, and fiscal year 1985 not previously fully reimbursed. Section 521(c)(1) of the Housing Act of 1949, as amended, authorizes annual appropriations to the Rural Housing Insurance Fund of the amounts by which interest payments made from the fund to investors in insured loans exceed the interest due from borrowers. In addition, section 517(e) of the act authorizes appropriations to restore all other losses to the fund. The amount requested is exclusive of provision for future losses, unfunded costs, and imputed interest.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and other losses, the Committee recommends an appropriation of $3,660,061,000. This amount is $695,812,000 more than was provided in 1988 and the same as the budget estimate and the House level.

SELF-HELP HOUSING LAND DEVELOPMENT FUND

1988 loan level	$500,000
1989 budget estimate	
House allowance	500,000
Committee recommendation	500,000

This fund is authorized by section 523(b)(1)(B) of the Housing Act of 1949, as amended. It is used as a revolving fund for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

COMMITTEE RECOMMENDATIONS

The Committee recommends $500,000 for self-help housing land development loans. There was no budget request. This level is the same as the 1988 appropriation and the House recommendation.

AGRICULTURAL CREDIT INSURANCE FUND

The Agricultural Credit Insurance Fund is used to insure or guarantee farm ownership, soil and water, farm operating, and emergency loans to individuals, as well as the following types of loans to associations: irrigation and drainage, grazing, Indian tribe land acquisition, watershed protection, flood prevention, and resource conservation and development. The insurance endorsement on each insured loan may include an agreement by the Government to purchase the loan after a specified initial period.

FmHA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FmHA as approved by the Secretary of Agriculture.

The following programs are financed through this fund:

Farm ownership loans.—Made to borrowers who cannot obtain credit elsewhere to restructure their debts, improve or purchase farms, refinance nonfarm enterprises which supplement but do not supplant farm income, or make additions to farms. An insured loan may not exceed $200,000, and a guaranteed loan may not exceed $300,000. Loans are made for 40 years or less.

Farm operating loans.—Provide short-to-intermediate term production or chattel credit to farmers who cannot obtain credit elsewhere, to improve their farm and home operations, and to develop or maintain a reasonable standard of living. An insured loan may not exceed $200,000, and a guaranteed loan is limited to $400,000. The term of the loan varies from 1 to 7 years.

Emergency disaster loans.—Made available in designated areas (counties) and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared by the President or designated for emergency loan assistance by the Secretary of Agriculture. The loan may be up to $500,000.

Soil and water conservation loans.—Made to individuals, cooperatives, corporations, or partnerships who own and/or operate a farm, for land and water development, use and conservation. The loan limit is $200,000 for an insured loan and $300,000 for a guaranteed loan. The repayment period may be up to 40 years.

Indian tribe land acquisition loans.—Made to qualified Indian tribes or tribal corporations to acquire land or interests in land within the tribes' reservations or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof. Loans are made for 40 years or less.

Watershed protection and flood prevention loans.—Made to sponsors of projects approved for operation by the Soil Conservation Service.

Loans are made to local organizations for financing the local share of the cost of installing or repairing works of improvement and water storage facilities, purchasing sites or rights-of-way, and covering related costs. Loans are for not more than 50 years and not more than $10,000,000 for any single plan.

Resource conservation and development loans.—Made to local sponsoring organizations when needed for financing the local share of the cost of installing, repairing, or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved resource conservation and development projects. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. These loans are repayable in not more than 30 years.

FARM OWNERSHIP LOANS

	Insured	Guaranteed	Total
1988 loan level	$115,000,000	$390,000,000	$505,000,000
1989 budget estimate		100,000,000	100,000,000
House allowance	115,000,000	454,000,000	569,000,000
Committee recommendation	75,000,000	494,000,000	569,000,000

Subtitle A of the Consolidated Farm and Rural Development Act contains authorizations for farm ownership loans. Farm ownership loans are used for maintaining the family farm by helping owner-operators to restructure their debts or make adjustments in their operations to comply with local sanitation or other requirements, to keep up with advances in agricultural technology, or to better use their land and labor resources to meet changing market requirements. Ownership loans are also used to purchase and develop farms, especially for beginning farmers.

COMMITTEE RECOMMENDATIONS

The Committee is recommending a total program level of $569,000,000 for farm ownership loans. This amount is $64,000,000 above the amount available in fiscal year 1988, $469,000,000 more than the budget request, and the same as the House level. Of this amount, $75,000,000 is for insured loans, and $494,000,000 is for guaranteed loans.

OPERATING LOANS

	Insured	Guaranteed	Total
1988 loan level	$900,000,000	$2,400,000,000	$3,300,000,000
1989 budget estimate	500,000,000	3,500,000,000	4,000,000,000
House allowance	900,000,000	2,300,000,000	3,200,000,000
Committee recommendation	900,000,000	3,100,000,000	4,000,000,000

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for insured and guaranteed operating loans. These loans are accompanied by supervisory assistance in farm and financial management. Operating credit is needed by family farmers throughout the United States who are unable to obtain credit from private and cooperative sources. This helps to provide opportunity for farm operators and encourage farm families to remain in rural areas.

COMMITTEE RECOMMENDATIONS

The Committee is recommending a total program level of $4,000,000,000 for operating loans. This amount is the same as the budget request, $700,000,000 more than the amount available in 1988, and $800,000,000 more than the House level. Within the total program level, $900,000,000 is recommended for insured operating loans, and $3,100,000,000 is recommended for guaranteed operating loans.

REAL ESTATE LOANS (OTHER THAN FARM OWNERSHIP)

	Insured	Guaranteed	Total
1988 loan level	$13,000,000	$3,000,000	$16,000,000
1989 budget estimate	....	....	....
House allowance	13,000,000	3,000,000	16,000,000
Committee recommendation	8,000,000	3,000,000	11,000,000

These loans include Indian land acquisition loans, and soil and water loans. Indian land acquisition loans are made to Indian tribes or tribal corporations to acquire lands or an interest in lands within the tribe's reservation or Alaskan Indian community. Soil and water loans are made to owners and/or operators of farms to fund soil conservation and development, forestation, drainage of farm land, establishment of a permanent pasture, pollution control or energy-saving measures.

COMMITTEE RECOMMENDATIONS

For real estate loans, other than farm ownership loans, the Committee recommends $11,000,000. Included in this program level is $6,000,000 for insured soil and water loans, $3,000,000 for guaranteed soil and water loans, and $2,000,000 for insured Indian land acquisition loans. The Committee recommends reducing the insured soil and water loans by $5,000,000 from the 1988 and House levels. No funding for these loans was included in the budget request.

SOIL CONSERVATION LOANS

1988 loan level	$9,156,000
1989 budget estimate	....
House allowance	9,156,000
Committee recommendation	9,156,000

Public Law 92–419, approved August 30, 1972, provided for making insured loans for watershed works of improvement, flood prevention, and resource conservation and development.

Watershed and flood prevention loans are made to local organizations for financing the local share of the cost of installing or repairing works of improvement and water storage facilities, purchasing sites or rights-of-way and covering related costs. Loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity.

Resource conservation and development loans are made to sponsors of projects approved for operation by the Soil Conservation Service. Such loans are repayable in not more than 30 years, and bear interest at a rate based on the average rate paid by the Treasury on issues of similar maturity.

COMMITTEE RECOMMENDATION

For soil conservation loans, the Committee recommends $9,156,000, including $7,949,000 for watershed and flood prevention loans and $1,207,000 for resource conservation and development loans. These amounts are the same as those provided in 1988 and in the House recommendation. No funding was requested in the budget.

EMERGENCY DISASTER LOANS

1988 loan level	$600,000,000
1989 budget estimate	100,000,000
House allowance	600,000,000
Committee recommendation	600,000,000

Emergency loans are made available in designated areas and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared or designated for emergency loan assistance by the President, Secretary of Agriculture, or the Administrator of FmHA.

Emergency loans are made to established eligible farmers, ranchers, and aquaculture operators. Partnerships and private domestic corporations and cooperatives may also qualify, providing they are primarily engaged in agricultural or aquacultural production. Loans may be made for actual losses arising from natural disasters.

Actual loss loans may be made for physical losses to repair, restore, or replace damaged or destroyed farm property, livestock, and livestock products, and supplies, and for production losses to compensate for loss of income based on reduced production of crops and/or livestock products resulting from the disaster. Eligible farmers may use actual loss loan funds to purchase livestock, poultry, or other animals and pay costs incident to reorganizing a farming system to make it a sound operation. The reorganized farming operation, however, must be approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

COMMITTEE RECOMMENDATIONS

For emergency disaster loans, the Committee recommends $600,000,000, $500,000,000 more than the budget request and the same amount as the 1988 and House levels.

STATE MEDIATION PROGRAM

1988 level	....
1989 budget estimate	....
House allowance	....
Committee recommendation	$3,000,000

The State Mediation Program is authorized by section 502(b) of the Agricultural Credit Act of 1987 to provide matching grants to eligible States which have existing State mediation programs for agricultural borrowers.

COMMITTEE RECOMMENDATIONS

For the State Mediation Program, the Committee recommends $3,000,000. No appropriation was made in 1988 and neither the budget nor the House funded this program.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND OTHER LOSSES

1988 appropriation	$3,627,153,000
1989 budget estimate	3,467,596,000
House allowance	3,467,596,000
Committee recommendation	3,467,596,000

This appropriation will reimburse the Agricultural Credit Insurance Fund for interest subsidies and losses incurred through September 30, 1986, and those from prior years which have not yet been reimbursed. Losses result primarily from (1) writeoff of uncollectable loans and (2) interest costs incurred because of the difference between interest rates charged to borrowers and the rate which the Government must pay for its own borrowing.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and other losses, the Committee recommends an appropriation of $3,467,596,000. This amount is $159,557,000 less than was provided in 1988 and the same as the budget estimate and the House level.

RURAL DEVELOPMENT INSURANCE FUND

The Rural Development Act of 1972 authorized the establishment of the Rural Development Insurance Fund under section 309A of the Consolidated Farm and Rural Development Act. This act provided for transfer to the Rural Development Insurance Fund the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities. This fund is used to insure or guarantee loans for water systems and waste disposal facilities, community facilities, and industrial development in rural areas.

WATER AND WASTE DISPOSAL LOANS

1988 loan level	$330,380,000
1989 budget estimate	250,000,000
House allowance	330,380,000
Committee recommendation	330,380,000

Loans are made to public bodies, organizations operated on a not-for-profit basis, and Indian tribes on Federal and State reservations and other federally recognized Indian tribes, for the development of storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. A rural area includes any area in any city or town which has a population of not more than 10,000 inhabitants.

COMMITTEE RECOMMENDATIONS

For water and waste disposal loans, the Committee recommends a level of $330,380,000. This amount is $80,380,000 more than the budget estimate and the same as the 1988 amount and the House level.

INDUSTRIAL DEVELOPMENT LOANS

1988 loan level	$95,700,000
1989 budget estimate	95,700,000
House allowance	95,700,000
Committee recommendation	95,700,000

These guaranteed loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes, or to individuals for the purpose of improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, conversion, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, machinery, supplies and materials; and paying start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to rural areas and cities having a population of 25,000 or less. Loans may be guaranteed by FmHA not to exceed 90 percent of the loss. Loans are repayable in not more than 30 years, depending on the loan purpose, and bear interest at a rate agreed upon by the lender and borrower.

COMMITTEE RECOMMENDATIONS

For guaranteed industrial development loans for fiscal year 1989, the Committee recommends a level of $95,700,000. This amount is the same as the 1988, the budget request, and the House levels.

COMMUNITY FACILITY LOANS

1988 loan level	$95,700,000
1989 budget estimate	50,000,000
House allowance	95,700,000
Committee recommendation	95,700,000

Loans are made to public bodies, organizations operated on a not-for-profit basis, and Indian tribes on Federal and State reservations and other federally recognized Indian tribes, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, hydroelectric generation, and community, social, and cultural benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 20,000 population.

COMMITTEE RECOMMENDATIONS

For community facility loans, the Committee recommends a level of $95,700,000. This amount is the same as the 1988 level, $45,700,000 more than the budget request, and the same as the House allowance.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND LOSSES

1988 appropriation	$842,682,000
1989 budget estimate	1,607,047,000
House allowance	1,607,047,000
Committee recommendation	1,607,047,000

This appropriation will reimburse the Rural Development Insurance Fund for funded interest subsidies and losses incurred in fiscal year 1986 and those in prior years which were not previously reimbursed.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and losses for the Rural Development Insurance Fund, the Committee recommends an appropriation of $1,607,047,000. This amount is $764,365,000 more than was provided in 1988 and the same as the budget request and the House level.

RURAL DEVELOPMENT LOAN FUND

1988 loan level	$14,000,000
1989 budget estimate	
House allowance	6,500,000
Committee recommendation	14,000,000

The Rural Development Loan Fund [RDLF] was originally authorized by the Economic Opportunity Act of 1964 (Public Law 88–452) with FmHA making and administering the loans for the Office of Economic Opportunity. The program was transferred to the Community Services Administration [CSA]; however, no new loans were made by the CSA. When the CSA was abolished, this program was transferred to the Department of Health and Human Services [HHS]. New loans were made and administered by HHS until its transfer to the Department of

Agriculture. At the time of transfer, FmHA acquired a portfolio of 29 direct loans for approximately $38,000,000.

The making of rural development loans by the Department of Agriculture was reauthorized by Public Law 99–425, the Human Services Reauthorization Act of 1986. Funding for such loans is to be derived from repayments to the fund (principal and interest) from prior loans made from the fund, as well as any additional moneys that might be made available.

Section 1323(b)(2) of the Food Security Act of 1985, Public Law 99–198, authorized the use of these funds pursuant to the first, second, and last sentences of section 623(a) of the Community Economic Development Act of 1981 (42 U.S.C. 9812(a)).

Loans will be made to intermediary borrowers (that is, small investment groups) who in turn will relend the funds to rural businesses, community development corporations, private nonprofit organizations, public agencies, et cetera, for the purpose of improving business, industry, community facilities, and employment opportunities and diversification of the economy in rural areas.

COMMITTEE RECOMMENDATIONS

The Committee provides an additional $11,000,000 for loans under the Rural Development Loan Fund, which is to be transferred from the Rural Development Insurance Fund. This fund is estimated to contain a balance of $3,000,000 at the end of 1988. Therefore, a total of $14,000,000 is available.

The Committee directs that FmHA provide a priority for intermediary loans for passenger transportation related to economic development. These funds may be used to finance vehicles and facilities for rural transportation providers. The Committee directs that $3,000,000 of RDLF funds be used for capital assistance efforts between FmHA and the Urban Mass Transit Administration to promote rural transportation.

RURAL GRANT PROGRAMS

RURAL WATER AND WASTE DISPOSAL GRANTS

1988 appropriation	$109,395,000
1989 budget estimate	75,000,000
House allowance	109,395,000
Committee recommendation	109,395,000

This grant program is authorized by section 306 of the Consolidated Farm and Rural Development Act, as amended. Grants are authorized to be made to associations, including nonprofit corporations, public and quasi-public agencies, and certain Indian tribes, to finance specific projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Grants are used for water and waste disposal projects serving the most financially needy communities to reduce user costs to a reasonable level, to alleviate health hazards, and to meet national safe drinking water and clean water standards in rural areas without the financial capability to do so on their own.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $109,395,000 for rural water and waste disposal grants. This amount is the same as the level available in fiscal year 1988, $34,395,000 more than the budget estimate, and the same as the House level.

The Committee requests that FmHA fund the high-priority Kimzey Regional Water District proposal with the unused rural water and sewer grant and loan funds returned from other States into the national pool.

DRINKING WATER TECHNICAL ASSISTANCE AND TRAINING

The Committee directs that grants for drinking water technical assistance and training, authorized in the Food Security Act of 1985, be continued in fiscal year 1989. The Committee notes that, based on the minimum allocation of water/waste-water grant funds, some $1,090,000 will be available for such grants, which is approximately 50 percent of the total grants made in fiscal year 1988. In order to sustain operations near the level currently in effect, the Committee directs that the renewal of grants be for a period from the expiration of the current agreements through September 30, 1989. Furthermore, the Committee directs that each grantee's share of the total funds available be maintained for the renewal period.

VERY LOW-INCOME HOUSING REPAIR GRANTS

1988 appropriation	$12,500,000
1989 budget estimate	....
House allowance	12,500,000
Committee recommendation	12,500,000

This grant program is authorized under section 504 of title V of the Housing Act of 1949. The Rural Housing Repair Grant Program is carried out by making grants for very low-income elderly owner-occupants to make necessary repairs to their homes in order to make such dwellings safe and sanitary, and remove hazards to the health of the occupants, their families, or the community. Such grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, installing screens, repairing or providing structural supports, or making similar repairs, additions, or improvements including all preliminary and installation costs in obtaining central water and sewer service. A grant can be made in combination with a section 504 very low-income housing repair loan.

The Secretary determines the maximum amount of grant or combination of loan and grant.

COMMITTEE RECOMMENDATIONS

For very low-income housing repair grants for fiscal year 1989, the Committee recommends an appropriation of $12,500,000. This amount is the same as the 1988 appropriation, $12,500,000 more than the budget estimate, and the same as the House level.

GRANTS FOR RURAL HOUSING FOR DOMESTIC FARM LABOR

1988 appropriation	$9,513,000
1989 budget estimate	
House allowance	9,513,000
Committee recommendation	9,513,000

Under section 516 of the Housing Act of 1949, FmHA is authorized to share with States or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farmworkers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy and consist of family units, apartments, or dormitory-type units, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance may not exceed 90 percent of the total development cost. Applicants furnish as much of the development cost as they can afford by using their own resources, by borrowing either directly from private sources, or by obtaining an insured loan under section 514 of the Housing Act. The applicant must agree to charge rentals which do not exceed amounts approved by the Secretary, maintain the housing at all times in a safe and sanitary condition, and give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless terminated sooner by the Farmers Home Administration. To the extent practicable, grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require repayment of the grant.

COMMITTEE RECOMMENDATIONS

For grants for rural housing for domestic farm labor for fiscal year 1989, the Committee recommends $9,513,000. This amount is the same as the 1988 appropriation and House levels. There was no budget request for this program. Consistent with past years, the Committee recommends making this appropriation available until expended.

MUTUAL AND SELF-HELP HOUSING GRANTS

1988 appropriation	$8,000,000
1989 budget estimate	
House allowance	8,000,000
Committee recommendation	8,000,000

This grant program is authorized under section 523 of the Housing Act of 1949. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually 6 to 10 families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance. This program also provides contract funds for training to be provided to members and staff of self-help technical assistance grant recipient organizations.

COMMITTEE RECOMMENDATIONS

For mutual and self-help housing grants, the Committee recommends an appropriation of $8,000,000. This amount is the same as the level provided in 1988 and by the House. No appropriation was requested by the administration.

The Committee directs FmHA to continue contracts with regional technical assistance organizations for the purpose of providing technical and management assistance to self-help housing programs.

The Committee directs FmHA to continue the regional contractor program for technical and financial assistance to organizations operating self-help housing programs or those seeking funding for new programs.

RURAL COMMUNITY FIRE PROTECTION GRANTS

1988 appropriation	$3,091,000
1989 budget estimate	....
House allowance	3,091,000
Committee recommendation	3,091,000

This assistance was authorized by section 7 of the Cooperative Forestry Assistance Act of 1978. Grants are made to public bodies to organize, train, and equip local firefighting forces, including those of Indian tribes or other native groups, to prevent, control, and suppress fires threatening human lives, crops, livestock, farmsteads or other improvements, pastures, orchards, wildlife, rangeland, woodland, and other resources in rural areas.

COMMITTEE RECOMMENDATIONS

For rural community fire protection grants, the Committee recommends an appropriation of $3,091,000. This amount is the same as the 1988 appropriation and the House level. No appropriation was requested by the administration.

COMPENSATION FOR CONSTRUCTION DEFECTS

1988 appropriation	$713,000
1989 budget estimate	....
House allowance	500,000
Committee recommendation	713,000

Under section 509(c) of the Housing Act of 1949, as amended, the Secretary of Agriculture is authorized to pay the cost of correcting structural defects and claims arising from defects on newly constructed dwellings purchased with FmHA financial assistance. Claims will not be paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made within 18 months of loan closing.

COMMITTEE RECOMMENDATIONS

The Committee recommends $713,000 for compensation for construction defects. This amount is $713,000 more than the budget request, the same as the level provided in fiscal year 1988, and $213,000 more than the House allowance.

RURAL HOUSING PRESERVATION GRANTS

1988 appropriation	$19,140,000
1989 budget estimate	....
House allowance	19,140,000
Committee recommendation	19,140,000

The Rural Housing Preservation Grants Program is authorized under the Farmers Home Administration by section 533 of the Housing Act of 1949 to make grants to State or local governments, Indian tribes, private nonprofit organizations, and a consortia of other eligible grantees to rehabilitate housing which is either owned or occupied by low or very-low income persons or families.

While the section 504 loan and grant programs are aimed at the same income levels as this program, they are restricted to the elderly. Also, the Farmers Home Administration staff limitations are such that an increase in funding or expansion of responsibility may not provide satisfactory results.

The Preservation Grants Program employs local housing expertise and improves the delivery of rehabilitation assistance. Farmers Home ranks and funds qualified applicants (for example, governments, or nonprofit organizations), but is not responsible for processing individual applications for assistance. The grantee operates the program on a day-to-day basis, and FmHA reviews and monitors the activities of the grantee.

COMMITTEE RECOMMENDATIONS

The Committee recommends $19,140,000 for rural housing preservation grants. This amount is the same as the 1988 appropriation, $19,140,000 more than the budget request, and the same as the House level.

RURAL DEVELOPMENT GRANTS

1988 appropriation	$6,500,000
1989 budget estimate	....
House allowance	540,000
Committee recommendation	6,500,000

Rural development grants are authorized by section 310B(c) of the Consolidated Farm and Rural Development Act to facilitate the development of business and industry in rural areas by financing improvements and enhancements to small industrial complexes. Grants are made for the development of industrial facilities including land, buildings, equipment, and supporting facilities.

COMMITTEE RECOMMENDATIONS

The Committee recommends $6,500,000 for rural development grants. This amount is the same as the 1988 appropriation and $5,960,000 more than the House level. No budget request was made by the President.

The Committee does not concur with the earmarks of funds provided in the House report. Rather, the Committee expects the funds to be disbursed on a competitive basis.

The Committee has included bill language providing that at least $500,000 will be available for grants to qualified nonprofit organizations to provide technical assistance for rural communities needing improved passenger transportation systems or facilities to promote rural economic development.

OFFICE OF THE ADMINISTRATOR

1988 appropriation	$600,000
1989 budget estimate	....
House allowance	600,000
Committee recommendation	....

COMMITTEE RECOMMENDATIONS

The Committee does not recommend funding the Administrator of the Farmers Home Administration in a separate account. Funding for the Administrator is included in the "Salaries and expenses" account as proposed in the budget. The House provided $600,000 for this account, the same as in 1988.

SALARIES AND EXPENSES

	Appropriation	Transfers from loan accounts	Total
1988 appropriation	$407,634,000	$4,000,000	$411,634,000
1989 budget estimate	420,188,000	4,000,000	424,188,000
House allowance	414,734,000	4,000,000	418,734,000
Committee recommendation	415,334,000	4,000,000	419,334,000

Funds appropriated to this account are used to administer the various loan and grant programs of the Farmers Home Administration, with the exception of emergency loans, which are administered with funds available from the Agricultural Credit Insurance Fund, and watershed, flood prevention, and resource conservation and development loans, which are administered with an annual allotment of funds from the Soil Conservation Service. Administration of the programs includes the reviewing of applications, making and collecting loans, and extending technical assistance to borrowers.

COMMITTEE RECOMMENDATIONS

For salaries and expenses, the Committee recommends a program level of $419,334,000. This amount is $7,700,000 more than the 1988 level, $4,854,000 less than the budget estimate, and $600,000 more than the House level.

HILO OFFICE

The Committee reiterates its interest in assuring that the Hawaii State Office of the Farmers Home Administration remain in Hilo, where it is best able to meet the needs of local farmers. Thus, the Committee is once again including bill language which prohibits the Department from moving the office to Honolulu.

CIRCUIT RIDER PROGRAM

The Committee recommends $3,000,000 for the circuit rider program, an increase of $325,000 over the 1988 amount. Again, bill language is included specifying the amount and providing for contracting this work with the National Rural Water Association or another equally qualified national organization.

RURAL PRESERVATION

As the recent burning of a farmhouse located on an historic site indicates, Federal rural development policy does not always adequately consider protection of historic resources. The Committee is concerned that as the lead Federal department for rural development, USDA should play a greater role in promoting rural development which is compatible with preserving our Nation's historic resources.

The Rural Development Act of 1972, as amended, provides the Secretary of Agriculture with a broad range of responsibility to systematically review Federal policy and programs and their impact on rural areas. The Secretary is also authorized to undertake cooperative efforts to improve the coordination and effectiveness of Federal program services and policies affecting rural areas.

The Committee directs the Secretary, under authority provided in the Rural Development Act of 1972, to conduct an assessment of Federal rural development policy as its affects historic preservation and to make a report to the Committee by September 30, 1989. To assist the Secretary in this work, the Committee directs that $350,000 from this account be used for a contract with the National Trust for Historic Preservation, a congressionally chartered nonprofit institution expert in the preservation and enhancement of historic resources, or another equally qualified national organization, to accomplish this directive.

NEVADA STATE OFFICE

The Committee has become aware that the needs of Nevada citizens are not being met in a timely and adequate manner due to the lack of a State office. Therefore, the Committee directs the Secretary to open a

State office in Carson City in fiscal year 1989 in order to serve the residents of that State.

DELTA DEVELOPMENT COMMISSION

The Committee provides $2,000,000 to carry out the provisions of Senate 2246, the Lower Mississippi Delta Development Act, as reported by the Committee on Environment and Public Works. By all measures of poverty and economic stagnation, the lower Mississippi River Delta is in a more critical situation than any other area in the country. The Committee believes that immediate action must be taken and directs the Secretary to make funds available promptly.

RURAL ELECTRIFICATION ADMINISTRATION

The Rural Electrification Administration [REA] was established by Executive Order 7037 on May 11, 1935, to provide loan funds to eligible borrowers for the purpose of extending central station electric service to unserved persons in rural areas. Statutory provision for the agency was made in the Rural Electrification Act of May 20, 1936. On July 1, 1939, under Reorganization Plan II, REA became a part of the Department of Agriculture. On October 28, 1949, the purpose of REA was expanded by Public Law 423 which amended the Act to authorize loans for furnishing telephone service to rural areas.

Public Law 93–32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, by establishing a Rural Electrification and Telephone Revolving Fund [RETRF] for the purpose of making insured loans to REA electric and telephone borrowers. Loans made under this authority bear either 2- or 5-percent interest in accordance with criteria specified in the act, and have a maturity not to exceed 35 years. The act also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the lender and the borrower. The rural electrification and telephone revolving fund legislation contains the following statement of congressional policy:

> * * * it is hereby declared to be the policy of the Congress that adequate funds should be made available to rural electric and telephone systems through direct, insured, and guaranteed loans at interest rates which will allow them to achieve the objectives of the Rural Electrification Act of 1936, as amended; and that such rural electric and telephone systems should be encouraged and assisted to develop their resources and ability to achieve the financial strength needed to enable them to satisfy their credit needs from their own financial organizations and other sources at reasonable rates and terms consistent with the loan applicant's ability to pay and achievement of the Act's objectives.

In October 1976, Public Law 94–570 amended the act, changing the statutory criteria used in determining eligibility for the special interest rate (2 percent) insured loans. The change in criteria corrected unintended inequities resulting from Public Law 93–32, bringing the number of borrowers eligible for the special rate more in line with congressional intent and with borrowers' actual needs for loan funds at this rate.

On August 13, 1981, the Omnibus Budget Reconciliation Act, Public Law 97–35, was signed into law to further amend the Rural Electrification Act. This legislation changed the Rural Electrification Act by eliminating the special 2-percent interest rate on insured loans from the RETRF. It also provided that the Administrator may make insured loans at a rate less than 5 percent, but not less than 2 percent, if the borrower has experienced extreme financial hardship, or cannot provide service consistent with the objectives of the act without charging rates so high that a substantial disparity results between such rates and those charged for similar services in the same or nearby areas by other suppliers.

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND

ELECTRIC LOANS (INSURED)

1988 loan authorization	$622,050,000
1989 budget estimate	
House allowance	622,050,000
Committee recommendation	622,050,000

ELECTRIC LOANS (GUARANTEED)

1988 loan authorization	$813,450,000
1989 budget estimate	
House allowance	813,450,000
Committee recommendation	813,450,000

TELEPHONE LOANS (INSURED)

1988 loan authorization	$239,250,000
1989 budget estimate	
House allowance	239,250,000
Committee recommendation	239,250,000

TELEPHONE LOANS (GUARANTEED)

1988 loan authorization	$119,625,000
1989 budget estimate	
House allowance	119,625,000
Committee recommendation	119,625,000

COMMITTEE RECOMMENDATIONS

The Committee commends REA for maintaining stable ratios of concurrent and supplemental loans at the current levels. During fiscal year 1989, the Administrator is expected to provide borrowers supplemental financing in accordance with applicable criteria and ratios in effect as of July 15, 1982.

For insured loans to rural electric systems, the Committee recommends a floor of $622,050,000 and a ceiling of $933,075,000. For insured telephone loans the Committee recommends a floor of $239,250,000 and a ceiling of $311,025,000.

For guaranteed loans, the Committee provides the following: For electric loan guarantees, a floor of $813,450,000 and a ceiling of $1,961,850,000; and for telephone loan guarantees, a floor of $119,625,000 and a ceiling of $138,765,000.

These insured and guaranteed amounts are the same as in 1988 and as proposed by the House. The budget proposed to eliminate these accounts.

The Committee has maintained bill language prohibiting REA from using a borrower's level of general funds to determine eligibility for a loan or an advance on a loan previously approved.

The Committee recommends bill language which requires REA to make full use, during fiscal year 1989, of funds which were authorized by Congress for insured loans during previous years, but which were not expended. Presently, more than $250,000,000 for insured electric loans and over $112,000,000 for insured telephone loans have not been expended and remain available. There is a backlog of applications at REA. Therefore, the Committee directs that full use be made of these previously authorized funds to reduce this backlog as early as possible.

The Committee has also included a general provision relating to the prepayment of REA guaranteed loans made by the Federal Financing Bank. In fiscal year 1989, an additional $500,000,000 in prepayment authority will be required and the Committee provides that $150,000,000 of this amount will be allocated to telephone borrowers and $350,000,000 in prepayments will be allocated to electric program borrowers.

REIMBURSEMENT FOR LOSSES

1988 appropriation	$327,675,000
1989 budget estimate	....
House allowance	327,675,000
Committee recommendation	341,000,000

In 1973, the Rural Electrification Act was amended by Public Law 98–32, which created the Rural Electrification and Telephone Revolving Fund [RETRF] through which REA would administer its loan programs. The fund began operations utilizing $7,864,742,000 in assets which were transferred to the fund from the Treasury, and the fund was made liable for approximately $7,400,000,000 of notes previously issued by REA to the Treasury. The fund was simultaneously forgiven from paying any interest associated with that liability to the Treasury. If the fund were liable for this interest, it is estimated that the annual interest cost would be $307,163,625.

In 1979 the General Accounting Office [GAO] ruled that the RETRF should show this would-be interest cost as imputed interest on its financial statements in order to conform to generally accepted accounting principles.

COMMITTEE RECOMMENDATIONS

The Committee recommends $341,000,000 for reimbursement for losses, which is $13,325,000 more than the 1988 amount and the House level. There was no budget estimate.

RURAL TELEPHONE BANK

DIRECT LOANS

1988 loan level	$177,045,000
1989 budget estimate	177,045,000
House allowance	177,045,000
Committee recommendation	177,045,000

Public Law 92–12, approved May 7, 1971, amended the Rural Electrification Act of 1936 to establish the Rural Telephone Bank [RTB] as a supplemental source of financing the Rural Telephone Program. The Bank charges a single interest rate based on its average cost of money, but not less than 5 percent per annum. The Bank may borrow public or private funds in a total amount not to exceed 20 times its paid-in capital and retained earnings.

COMMITTEE RECOMMENDATIONS

For Rural Telephone Bank loans, the Committee recommends a floor of $177,045,000 and a ceiling of $210,540,000. These levels are the same as in 1988 and as provided by the House. The President's budget proposed no more than $177,045,000.

The Committee has included a general provision in the bill permitting RTB borrowers with unadvanced funds under loans made by the RTB prior to October 1, 1987, to rescind and reapply to the bank during fiscal year 1989, without prejudice, for a new loan under the new cost of money interest rate formula adopted by Congress. The provision also prohibits REA from attempting to regulate the sequence of advances under approved loans.

The Committee is dismayed that REA is using a policy that prohibits borrowers from applying a second time for a loan for the same purpose, as well as a policy that regulates the order or sequence of advances of funds when a borrower has more than one loan. Neither of these policies has been published in the Federal Register, adopted in accordance with the rulemaking requirements of the Administrative Procedure Act or codified in the Code of Federal Regulation.

CAPITALIZATION

1988 appropriation	$28,710,000
1989 budget estimate	
House allowance	28,710,000
Committee recommendation	28,710,000

The Rural Electrification Act of 1936, as amended, authorizes appropriations for the purchase of class A stock in the Rural Telephone Bank [RTB] by the U.S. Government. This account funds the purchase of class A stock of the Rural Telephone Bank.

Originally, the act authorized U.S. stock purchases totaling $300,000,000 with up to $30,000,000 to be appropriated annually. The $300,000,000 stock purchase was completed in 1981. Public Law 97–98, approved December 22 1981, amended the act by providing for an authorization of an additional $300,000,000 in U.S. stock purchases with $30,000,000 authorized to be appropriated annually.

COMMITTEE RECOMMENDATIONS

For capitalization of the Rural Telephone Bank, the Committee recommends an appropriation of $28,710,000, the same as the amount that was available for fiscal year 1988 and provided by the House, and $28,710,000 more than the budget request.

RURAL COMMUNICATION DEVELOPMENT FUND

REIMBURSEMENT FOR LOSSES

1988 appropriation	$1,309,000
1989 budget estimate	1,447,000
House allowance	1,447,000
Committee recommendation	1,447,000

The Rural Communication Development Fund was established pursuant to Secretary's memorandum No. 1988, approved May 22, 1979. The memorandum transferred certain financing authorities under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from the Farmers Home Administration to the Rural Electrification Administration for the purpose of financing and administering community antenna television services to facilities in rural areas.

COMMITTEE RECOMMENDATIONS

To reimburse the Rural Communication Development Fund for interest subsidies and losses sustained in prior years, the Committee recommends an appropriation of $1,447,000. This amount is the same as the budget request and $138,000 more than the 1988 appropriation and the same as the House level.

RURAL ECONOMIC DEVELOPMENT SUBACCOUNT

1988 appropriation	
1989 budget estimate	
House allowance	
Committee recommendation	$540,000

The Rural Economic Development Subaccount was established by the Reconciliation Act of December 1987 (Public Law 203), which amended the Rural Electrification Act of 1936, by establishing a new section 313. Section 313 of the Rural Electrification Act (7 U.S.C. 901) established a cushion of credits payment program and created the Rural Economic Development Subaccount. Section 313 authorizes the Administrator of REA to utilize funds in this subaccount to provide grants or zero interest loans to REA borrowers for the purpose of promoting rural economic development and job creation projects, including funding for feasibility studies, startup costs, and other reasonable expenses for the purpose of fostering rural economic development.

COMMITTEE RECOMMENDATIONS

For grants and zero interest loans authorized under section 313 of the Rural Electrification Act, the Committee recommends $540,000. There was no budget request, and the House made no recommendation. No funding was provided in 1988. This amount is in addition to any amounts generated by the interest differential on cushion of credit payments made by REA borrowers.

These cushion of credit payments are made voluntarily by REA borrowers, and borrowers accept a below market interest rate on such cushion of credit payments. The Committee encourages REA borrowers to make such voluntary payments because they (a) provide a source of funding for grants and zero-interest loans made by the Rural Economic Development Subaccount, and (b) increase Government loan security. The Committee recommends $540,000 for the subaccount for fiscal year 1989, in order to match the $540,000 which was generated as a result of the voluntary cushion of credit payments of REA borrowers during fiscal year 1988.

OFFICE OF THE ADMINISTRATOR

1988 appropriation	$155,000
1989 budget estimate	
House allowance	160,000
Committee recommendation	

The Office of the Administrator provides overall supervision and coordination for the programs of the Rural Electrification Administration under the law enacted by the Congress. Funding for this office includes salaries and expenses for the Administrator, the Confidential Assistant to the Administrator, and one secretary. All funds available to this office are contained in this appropriation.

COMMITTEE RECOMMENDATIONS

The Committee recommends no appropriation for this account and proposes to fund the Office of the Administrator in the "Salaries and expenses" account as proposed by the budget. The House provided $160,000.

SALARIES AND EXPENSES

1988 appropriation	$30,713,000
1989 budget estimate	22,137,000
House allowance	31,124,000
Committee recommendation	31,284,000

In addition to administering programs for making loans, assurance of feasibility and adequate security, and collections on loans, the REA staff furnishes management and technical assistance to borrowers for the purpose of protecting the Government's loan security, to assure that construction and operation of borrowers' systems conform to approved standards and that the electric and telephone systems continue providing reliable service on an area coverage basis.

COMMITTEE RECOMMENDATIONS

For the salaries and expenses necessary to carry out the functions of the Rural Electrification Administration, the Committee recommends an appropriation of $31,284,000. This amount is $571,000 more than the 1988 level, $9,147,000 above the budget estimate, and $160,000 more than the House. Included in this account are funds for the Office of the Administrator. The Committee concurs with the House in providing bill language that prohibits the transfer of funds from the Rural Telephone Bank to pay the salaries and expenses of REA.

The Committee reiterates the directive for the Administrator to submit monthly reports on vacant positions and lending activity of the agency to the appropriate committees of Congress.

The Committee is concerned by the long delay in REA's revision of contract forms which are obsolete and directs that all its standard form contracts be revised to bring them into line with current developments in technology and commercial law.

RURAL ECONOMIC DEVELOPMENT UNIT

The Committee recommends bill language that instructs REA to establish a rural economic development unit to be comprised of full-time economic and community development professionals and that no less than 2 percent of REA's full-time staff be used for this purpose. The establishment of this new unit will be accomplished within the REA's salary and expense and employment ceilings.

This initiative enjoys broad support within the Congress. Early this year 41 Members of the Senate and 75 Members of the House sent a letter to Secretary Lyng recommending the establishment of this new rural development group because it will be a very cost-effective means of increasing the level and effectiveness of rural development activities. This new initiative will permit REA to reestablish its historic leadership role, strengthen the partnership between REA and its network of locally owned and controlled rural electric and telephone systems, and encourage these systems to increase their own resource commitment to rural and economic development—thus making more effective use of the important network of REA borrowers which provide service in more than 2,600 counties and 47 States.

The Committee expects that among the activities of this new unit will be: (a) Administering the rural economic development subaccount; (b) providing advice, guidelines and assistance to borrowers on how to make use of the authority to invest in rural development projects up to 15 percent of total utility plant; (c) providing hands-on, circuit rider type of assistance to borrowers on specific economic development projects; (d) developing and demonstrating models of specific development projects and programs for REA borrowers; (e) acting as an idea-sharing vehicle by informing rural electric and telephone systems across the country of success stories in the economic development area and how they can replicate these in their service areas; and (f) providing timely assistance to rural electric and telephone systems on development assistance and financing available from other government agencies, States, and private organizations and how best to access that assistance.

It is noted that REA currently has 17 vacant positions—3 percent of the authorized staff level. Therefore, the 2-percent requirement for the rural economic development unit will not cut into existing positions. The Committee expects the status of the rural economic development unit to be a part of the Administrator's monthly report.

CONSERVATION

OFFICE OF THE ASSISTANT SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

1988 appropriation	
1989 budget estimate	[1] $461,000
House allowance	
Committee recommendation	461,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Natural Resources and Environment provides direction and coordination in carrying out the laws enacted by the Congress with respect to natural resources and environment. The Office has oversight and management responsibilities for the Soil Conservation Service and the Forest Service.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Natural Resources and Environment, the Committee recommends an appropriation of $461,000. This amount is $461,000 more than the 1988 level, the same as the budget request, and $461,000 more than the House level. Thus, the Committee recommendation strikes the House provision requiring the Chief of the SCS to report directly to the Secretary of Agriculture.

SOIL CONSERVATION SERVICE

The Soil Conservation Service [SCS] was established by Public Law 74–46 on April 27, 1935, (16 U.S.C. 590a–590f) to carry out a continuing program of soil and water conservation on the private lands of the Nation. The current mission of the agency is to provide national leadership in the conservation and wise use of soil, water, and related resources through a balanced cooperative program that protects, restores, and improves those resources.

The conservation activities of the Soil Conservation Service are guided by the priorities and objectives as set forth in the National Conservation Program [NCP] which was prepared in response to the provisions of the Soil and Water Resources Conservation Act of 1977 [RCA] (Public Law 95–192) and transmitted to the Congress in December 1982. The long-term objectives of the program are designed to maintain and improve the soil, water, and related resources of the Nation's nonpublic lands by: reducing excessive soil erosion; improving irrigation efficiencies; improving water management; reducing upstream flood damages; improving range condition; and improving water quality.

The program establishes national priorities to guide USDA conservation activities over the next 5 years. The first priority is to reduce excessive soil erosion on agricultural lands. The second priority is twofold: to conserve water used in agriculture, and to reduce flood damages in upstream areas.

CONSERVATION OPERATIONS

1988 appropriation	[1] $398,670,000
1989 budget estimate	455,208,000
House allowance	403,262,000
Committee recommendation	406,846,000

[1] Does not include $45,240,000 transferred from the Conservation Reserve Program, Agricultural Stabilization and Conservation Service.

Conservation operations is authorized by Public Law 74–46, (16 U.S.C. 590a–590f). Activities include:

Conservation technical assistance.—Provides assistance to district cooperators and other land users in the planning and application of conservation treatments to control erosion and improve the quantity and quality of soil resources, improve and conserve water, enhance fish and wildlife habitat, conserve energy, improve woodland, pasture and range conditions, and reduce upstream flooding; all to protect and enhance the natural resource base.

Inventory and monitoring provides soil, water, and related resource data for land conservation, use, and development; guidance of community development; identification of prime agricultural producing areas that should be protected; use in protecting the quality of the environment; and to issue periodic inventory reports of resource conditions.

Resource appraisal and program development ensures that programs administered by the Secretary of Agriculture for the conservation of soil, water, and related resources shall respond to the Nation's long-term needs. This activity is authorized by the Soil and Water Resources Conservation Act, Public Law 95–192, November 18, 1977 (16 U.S.C. 2001), as amended by the Food Security Act of 1985, Public Law 99–198.

Soil surveys.—Inventories the Nation's basic soil resources and determines land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other Federal agencies, State and local organizations.

Snow survey and water forecasting.—Provides estimates of annual water availability from high mountain snow packs and relates this to summer stream flow in the western States and Alaska. Information is used by agriculture, industry, and cities in estimating future water supplies.

Plant materials centers.—Assembles, tests, and encourages increased use of plant species which show promise for use in the treatment of conservation problem areas.

COMMITTEE RECOMMENDATIONS

For conservation operations, the Committee recommends an appropriation of $406,846,000. This amount is $8,176,000 more than the 1988 level, $48,362,000 less than the budget estimate, and $3,584,000 above the House level.

As in the past, the Committee has provided for the transfer of up to 4 percent from the Conservation Reserve Program for activities associated with conservation programs of the Food Security Act of 1985. The Committee is concerned about the Department's ability to complete all wetland determinations on a timely basis in order to enable farmers to comply with the law. Therefore, the Committee expects the Department to use this transfer authority to provide the staff and resources necessary to make the determinations as expeditiously as possible.

SCS is directed to continue its active role in the vital Rural Abandoned Mines Program [RAMP].

The Committee concurs with the House provision of $452,000 to continue the fifth year of the eastern Arkansas water conservation study. Furthermore, SCS is directed to maintain full support for the Plant Materials Center at Booneville, AR.

From within available funds, the Committee recommends up to $235,000 to conduct a special study on the effects of alternative land use resulting from the conservation provisions of the Food Security Act of 1985. This will be a joint effort by Alcorn State University's Division of Agriculture, Research, Extension and Applied Sciences and the Soil Conservation Service.

The problem of sedimentation in Red Rock Reservoir is increasing throughout the country. The Committee understands that SCS is working on a plan to conduct a number of soil conservation practices which are socially and economically acceptable that will considerably reduce the silting into the reservoir. Continuation of this project with the use of up to $100,000 is encouraged.

The Committee recommendation includes $429,000 for a tree windbreak demonstration project in North Dakota as proposed by the North Dakota Extension Service. The Department is directed to work with North Dakota State University and the North Dakota Forest Service to carry out this project and to promote the centennial tree project of planting 100 million trees in the State.

In concurring with the House, the Committee has included bill language prohibiting SCS from consolidating its four national technical centers into a single national technical center and expects the Department to staff these centers fully and to maintain them.

The Committee is impressed with progress under the Chesapeake Bay cleanup effort. The newly signed pact between the bay-area States, the District of Columbia, the Chesapeake Bay Commission, and the Environmental Protection Agency demonstrates significant commitment and resources to the goals of the plan. Therefore, the Committee recommends an increase of $350,000, for a total of $1,190,000 for the restoration project. This level will support 41 SCS staff positions, up from 31 in 1988.

The appropriation includes $250,000 for the third and final year of the Lands Records Information Project at the University of Wisconsin.

The Committee directs the SCS to continue to provide $150,000 in technical assistance to soil conservation districts in Idaho for measures under the agricultural abatement plan which was completed in 1979 in response to Public Law 92–500, the Clean Water Act.

The Committee does not concur with the House allocations of $400,000 for Northport, AL, and $250,000 for Michigan subirrigation.

Finally, the Committee concurs with the House bill provision placing a floor of 14,177 on SCS staff.

The Committee concurs with the House in providing $150,000 for a plant materials center in Golden Meadow, LA.

RIVER BASIN SURVEYS AND INVESTIGATIONS

1988 appropriation	$12,051,000
1989 budget estimate	(1)
House allowance	12,051,000
Committee recommendation	12,051,000

[1] Budget proposes to merge river basin surveys and investigations, watershed planning, and watershed and flood prevention operations into a single account titled "Water resource management and protection," with a 1989 budget estimate of $116,000,000.

The Soil Conservation Service administers a program which involves cooperation with other Federal, State, and local agencies in order to aid in the development of coordinated water resource programs. The Service has general responsibility for administration of activities consisting of investigations and surveys of proposed small watershed projects in response to requests made by sponsoring local organizations, and assistance to sponsors in the development of watershed work plans.

This program is authorized by the Watershed and Flood Prevention Act, Public Law 83–566, section 6, August 4, 1954 (16 U.S.C. 1006–1009).

COMMITTEE RECOMMENDATIONS

For "River basin surveys and investigations," the Committee recommends an appropriation of $12,051,000. This amount is the same as the 1988 appropriation, $12,051,000 more than the budget request, and the same as the House level.

WATERSHED PLANNING

1988 appropriation	$8,651,000
1989 budget estimate	([1])
House allowance	8,651,000
Committee recommendation	8,651,000

[1] Budget proposes to merge river basin surveys and investigations, watershed planning, and watershed and flood prevention operations into a single account titled "Water resource management and protection," with a 1989 budget estimate of $116,000,000.

The Department cooperates with the States and other agencies in planning works of improvement in small watersheds to reduce damage from floodwater, sediment, and erosion and for the conservation, development, utilization, and disposal of water, as authorized by the Watershed and Flood Prevention Act, as amended, Public Law 83-566, August 4, 1954 (16 U.S.C. 1001-1008).

The Department makes surveys of proposed small watershed projects, and prepares work plans in cooperation with local sponsors. These plans outline the soil and water management problems in the watershed, the steps that have been or are authorized to be taken to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, the cost sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.

COMMITTEE RECOMMENDATIONS

For watershed planning, the Committee recommends an appropriation of $8,651,000. This amount is the same as the 1988 appropriation, $8,651,000 more than the budget estimate, and the same as the House level.

WATERSHED AND FLOOD PREVENTION OPERATIONS

1988 appropriation	$165,873,000
1989 budget estimate	([1])
House allowance	172,373,000
Committee recommendation	172,373,000

[1] Budget proposes to merge river basin surveys and investigations, watershed planning, and watershed and flood prevention operations into a single account titled "Water resource management and protection," with a 1989 budget estimate of $116,000,000.

The appropriation "Watershed and flood prevention operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1005, 1007-1009) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) and sections 403-405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203-2205), which relate to installation of individual watershed projects, flood prevention subwatershed projects, and emergency watershed protection.

The Soil Conservation Service has general responsibility for administration of activities which include cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement to reduce erosion, floodwater, and sediment damage; conserve, develop, utilize, and dispose of water; plan and install works of improvement for flood prevention including the development of recreational facilities and the improvement of fish and wildlife habitat; and loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement as authorized by Public Law 566, Public Law 534, and section 216 of the Flood Control Act of 1950. The Farmers Home Administration administers the loan program.

COMMITTEE RECOMMENDATIONS

For watershed and flood prevention operations, the Committee recommends an appropriation of $172,373,000. This amount is $6,500,000 more than the 1988 appropriation, $172,373,000 over the budget estimate, and the same as the House level.

The Committee concurs with the House allocations of $26,271,000 for flood prevention operations authorized by Public Law 534; $136,102,000 for small watersheds authorized by Public Law 566; and $10,000,000 for emergency watershed protection. The Committee also concurs with the House in expecting 20 new construction starts under the Public Law 566 program and not less than 5 new starts under the Public Law 534 program and has repeated the general provision to this effect.

The recommended amount includes $2,532,000 for emergency watershed protection measures in Arkansas where devastating floods in December 1987 caused $22,000,000 in damage.

Also included is $2,000,000 to include an adequate flood water system within the city limits of Sophia, WV, which will include replacement of disturbed capital improvements. This funding will complete the work on the Soak Creek watershed project.

The amount of $3,500,000 is included to complete repair work on 1983 storm damage in the Jackson, MS, metropolitan area, including Brandon, Canton, Madison, Pearl, and Ridgeland.

The Committee concurs with the House provision of $5,000,000 for the Yazoo demonstration project.

The Committee understands that the impact statement for the North Deer Creek watershed in Oklahoma has been completed and supports the use of up to $3,224,000 of available funds for initial construction of this project.

The Committee does not concur with the House in providing $300,000 for basic infrastructure improvements in the Smoky or north part of Charleston, MS. The Committee notes that this funding was formerly provided through the Department of Housing and Urban Development.

NORMALIZED PRICES

The Committee recommendation continues the general provision included in the 1988 Appropriations Act that prohibits the altering of the method previously used in determining normalized prices for use in the calculation of cost-benefit analyses. The recommendation makes the provision permanent.

RESOURCE CONSERVATION AND DEVELOPMENT

1988 appropriation	$25,120,000
1989 budget estimate	25,020,000
House allowance	25,120,000
Committee recommendation	25,120,000

The Resource Conservation and Development [RC&D] Program began in February 1964 under authority of section 102 of the Food and Agriculture Act of 1962 (Public Law 87–703) and other departmental authorities. In December 1981, sections 3451–3461 of the Agriculture and Food Act of 1981 authorized a program for aiding local and State efforts in resource conservation and development. Program assistance is provided to RC&D sponsors as authorized by the Secretary of Agriculture. RC&D sponsors, State and local units of government, and nonprofit organizations initiate and direct the planning process, develop and maintain an RC&D area plan, and carry out activities to implement the plan.

USDA provides technical, financial, and loan assistance to local sponsors. An RC&D Policy Board was established in April 1984 under subtitle H of the Agriculture and Food Act of 1981 (Public Law 97–98). The Board provides advice and recommends policy on program administration to the Secretary of Agriculture. The interagency board has members from the Soil Conservation Service, Forest Service, Farmers Home Administration, Extension Service, Agricultural Stabilization and Conservation Service, and the Office of the Secretary. Program leadership is provided by the Soil Conservation Service [SCS]. Sponsors also seek the help of local, State, and other Federal agencies that can assist them in areawide planning and in carrying out activities to implement plans.

COMMITTEE RECOMMENDATIONS

For the Resource Conservation and Development Program, the Committee recommends an appropriation of $25,120,000. This is the same as the amount that was available in 1988, $100,000 more than the budget estimate, and the same as the House level.

Within this amount, the Committee recommends $400,000 for the Chariton Valley Resource Conservation and Development District in Iowa to implement a plan to change production patterns away from row crop agriculture.

GREAT PLAINS CONSERVATION PROGRAM

1988 appropriation	$20,474,000
1989 budget estimate	6,013,000
House allowance	20,474,000
Committee recommendation	20,474,000

The Great Plains Conservation Program is authorized by Public Law 84–1021, as amended, (16 U.S.C. 590p(b)). The program's objective is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the 10 Great Plains States.

It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of the unique Plains area, which is plagued with recurring drought and wind erosion problems. Selection of suitable land uses and installation of complete conservation treatment and management systems on farms and ranches in the area are made through reduction of wind and water erosion, abatement of agriculture-related pollution and water conservation measures.

COMMITTEE RECOMMENDATIONS

For the Great Plains Conservation Program, the Committee recommends an appropriation of $20,474,000. This amount is the same as the 1988 appropriation, $14,461,000 more than the budget estimate, and the same as the House level.

Agricultural Stabilization and Conservation Service

AGRICULTURAL CONSERVATION PROGRAM

1988 appropriation	$176,935,000
1989 budget estimate	
House allowance	176,935,000
Committee recommendation	176,935,000

The Agricultural Conservation Program [ACP] is authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (Public Law 74–46), sections 1001–1004, 1006–1008, and 1010 of the Agricultural Act of 1970 (Public Law 91–524), as added by the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86), section 1501 of the Food and Agriculture Act of 1977 (Public Law 95–113), and section 259 of the Energy Security Act of 1980 (Public Law 96–294).

The ACP is administered by ASCS through the farmer-elected committee system. The program is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality in rural America; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969 and related legislation.

COMMITTEE RECOMMENDATIONS

For the Agricultural Conservation Program, the Committee recommends an appropriation of $176,935,000. This amount is the same as the 1988 and House levels. There was no budget request for this program.

FORESTRY INCENTIVES PROGRAM

1988 appropriation	$11,891,000
1989 budget estimate	
House allowance	11,891,000
Committee recommendation	13,000,000

The Forestry Incentives Program [FIP] is authorized by section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103). Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial private forest lands, to decrease, over time, expected shortages and rising prices of timber, and to help ensure effective use of available forest lands. Program objectives are met by providing cost share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timber stand improvement.

COMMITTEE RECOMMENDATIONS

For the Forestry Incentives Program for fiscal year 1989, the Committee recommends an appropriation of $13,000,000. This amount is $1,109,000 more than the 1988 appropriation, $13,000,000 more than the budget estimate, and $1,109,000 more than the House level. The increase is provided to enhance this program.

WATER BANK PROGRAM

1988 appropriation	$8,371,000
1989 budget estimate	
House allowance	5,000,000
Committee recommendation	12,000,000

The Water Bank Program is authorized by the Water Bank Act, Public Law 91–559, approved December 19, 1970, and amended by Public Law 96–182, approved January 2, 1980. Its objectives are to conserve surface water; preserve and improve migratory waterfowl and wildlife-related resources; reduce runoff, soil, and wind erosion; improve flood control; contribute to improved soil moisture; reduce the acreage of land brought into agricultural production; retire land now in production; enhance landscape aesthetics; and promote comprehensive water management planning.

The Secretary enters into agreements with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The Secretary makes annual payments to the owner or operator at a rate determined at the time of agreement and subject to review after 4 years and at the time of renewal.

COMMITTEE RECOMMENDATIONS

For the Water Bank Program, the Committee recommends an appropriation of $12,000,000. This amount is $3,629,000 more than the 1988 appropriation, $12,000,000 more than the budget estimate, and $7,000,000 more than the House level.

The Committee notes the high level of eligible contracts awaiting funding under this program. Also, the Food Security Act of 1985 imposes additional restrictions on wetlands and this program can be extremely useful by enabling farmers to comply with those restrictions. Therefore, the Committee recommends an increase to provide for expansion of the program.

EMERGENCY CONSERVATION PROGRAM

1988 appropriation	$1,000,000
1989 budget estimate	
House allowance	3,000,000
Committee recommendation	5,000,000

The appropriation "Emergency Conservation Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Agricultural Credit Act of 1978 (Public Law 95–334). Under the program the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters.

Assistance is made available to correct new conservation problems which (1) if not treated will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage which is unusual in character and except for wind erosion, is not the type which would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

COMMITTEE RECOMMENDATIONS

For the Emergency Conservation Program [ECP], the Committee recommends $5,000,000. This amount is $4,000,000 more than the 1988 appropriation, $5,000,000 more than the budget estimate, and $2,000,000 more than the House level. The increase is provided to maintain an estimated $10,000,000 in the ECP account.

The Committee directs ASCS to make ECP funds available to farmers experiencing drought conditions in areas where irrigation of crops is a normal farming practice. Measures included will be the extension and drilling of wells, the use of temporary watering systems, and other temporary measures necessary to avoid drought losses of commercially produced agricultural crops. Resources made available under this section will not be utilized to expand crop production. Drought will be measured by snowpack, precipitation history, and reservoir capacity.

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

1988 appropriation	$4,904,000
1989 budget estimate	
House allowance	4,904,000
Committee recommendation	6,000,000

The Colorado River Basin Salinity Control Program was established by section 202(c) of title II of the Colorado River Basin Salinity Control Act of 1974 (Public Law 93–320). The program is a cooperative endeavor by the Agricultural Stabilization and Conservation Service [ASCS], Soil Conservation Service [SCS], and Extension Service [ES]. The program is to assist landowners and others in the Colorado River Basin in establishing on-farm irrigation management systems and related lateral improvement measures to decrease the salt load and sedimentation level in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico.

COMMITTEE RECOMMENDATION

For the Colorado River Basin Salinity Control Program, the Committee recommends $6,000,000, $1,096,000 more than the 1988 level, $6,000,000 more than the budget request, and $1,096,000 more than the House level.

CONSERVATION RESERVE PROGRAM

1988 appropriation	[1] $1,131,000,000
1989 budget estimate	1,864,000,000
House allowance	1,864,000,000
Committee recommendation	1,864,000,000

[1] Includes $45,240,000 transferred to the Soil Conservation Service, conservation operations.

The Conservation Reserve Program [CRP] was mandated by sections 1231–1245 of the Food Security Act of 1985 (Public Law 99–198) to establish permanent cover on highly erodible cropland. The primary objectives of the CRP are to help farmers control critical soil erosion that occurs on about one-third of America's cropland and to decrease production of surplus agricultural commodities.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on highly erodible land used to produce an agricultural commodity in the years 1981–85. Up to 45 million acres of highly erodible land may be entered into the reserve.

The program is administered by State and local ASC committees working under the general direction of ASCS. Technical assistance is provided by the Soil Conservation Service, the Forest Service, the Cooperative Extension Service, and other appropriate agencies.

In exchange for entering land into the reserve, program participants receive annual rental payments in cash or commodities, based on their accepted bids per acre and the number of acres placed under 10-year contracts. In addition, farmers receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

To facilitate CRP program implementation, use of the funds, services, and facilities of the Commodity Credit Corporation [CCC] was authorized for fiscal years 1986–87. In subsequent years, CCC funds may not be used for this purpose unless CCC has received in advance funds to cover such expenditures from appropriations made to carry out the program. Beginning in fiscal year 1988, funds for this program are requested to be appropriated in advance to CCC for rental, cost-sharing, and technical assistance payments. The Food Security Act of 1985 provides authority to enter into CRP contracts through fiscal year 1990. Appropriations will be requested annually to make rental payments through fiscal year 2000.

COMMITTEE RECOMMENDATIONS

For the Conservation Reserve Program [CRP], the Committee recommends $1,864,000,000, the same as the budget request and the House level, and $733,000,000 more than the 1988 appropriation.

The Committee does not concur with, and has struck, the House provision limiting cost share assistance on crop year 1989 acreage to $385,000,000, the effect of which would be to limit the enrollment of 1989 crop acres to 7 million. The budget estimate is based on the enrollment of 12 million acres. To limit the cost share assistance could jeopardize the minimum cumulative acreage mandated for fiscal year 1989—35 million acres—which could severely curtail progress toward the 45-million-acre program goal.

The Committee concurs with the House in making 4 percent of the funds available to the Soil Conservation Service to carry out conservation programs of the Food Security Act of 1985. However, the Committee recommendations amend the House bill language to allow for the transfer of these funds to SCS and does not limit the amount available to $48,362,000.

The CRP Program is working well. Crop acreage enrolled in the CRP increases soil conservation and can reduce farm program outlays. When the program goal of retiring 40 to 45 million acres of highly erodible land is met by 1990, CRP will likely reduce erosion on all cultivated land by 25 percent. The program is already reducing soil erosion by nearly 500 million tons annually. Also, crop acreage bases have been reduced by more than 16.3 million acres on farms containing acreage placed in the CRP. Furthermore, with up to 12 percent of idled acres eligible for tree planting, the CRP can be one of the largest tree planting programs in history.

The Committee strongly supports continuing the current CRP acreage enrollment schedule, and commends the Secretary of Agriculture for his diligent efforts to attain program goals. The Committee urges the Secretary to use available statutary discretion to assure that the program is fully implemented, abuses are minimized, soil erosion and tree planting are maximized, and farm program costs are minimized.

TITLE III—DOMESTIC FOOD PROGRAMS

OFFICE OF THE ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES

1988 appropriation	$365,000
1989 budget	[1] 406,000
House allowance	406,000
Committee recommendation	406,000

[1] The 1989 budget proposed that this activity be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Food and Consumer Services provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's food and consumer activities. The Office has oversight and management responsibilities for the Food and Nutrition Service, and Human Nutrition Information Service.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Food and Consumer Services, the Committee recommends an appropriation of $406,000, $41,000 more than the 1988 amount, and the same as the budget estimate and the House level.

Recognizing the fundamental relationship between basic human nutrition research conducted by the Agricultural Research Service, the dissemination of useful dietary information by the Human Nutritional Information Service, and the successful administration by the Food and Nutrition Service of supplemental food programs and their nutritional components, the Committee directs the Department to establish better communication of research findings and to disseminate this information in a timely and effective manner for the purpose of improving WIC and other supplemental food programs in serving needy Americans.

FOOD AND NUTRITION SERVICE

The Food and Nutrition Service was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and encourage better eating patterns among the Nation's children. The programs are:

Food Stamp Program.—Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The Food and Nutrition Service administers the program in cooperation with State welfare agencies and provides for the full cost of the food stamps themselves in addition to sharing direct and indirect administrative costs incurred by the States on a 50–50 basis. If, however, States reduce their error rates below the 5-percent level, they are eligible to receive enhanced administrative funding up to 60 percent. In addition, States receive 75 percent of their costs incurred for developing food stamp computer systems and 75 percent of their costs for fraud investigations and prosecutions. Funds for this program are provided by direct appropriation.

Child nutrition programs.—The child nutrition programs—the national school lunch, school breakfast, summer food service, and child care food programs—provide funding for the service of nutritious meals to needy children and other children attending schools, child care institutions, and summer recreational programs as a means of safeguarding the health and proper physical development of the Nation's children. The Older Americans Act Amendments of 1987, Public Law 100–175, made adult day care centers eligible for reimbursement through the child care food program for meals served to persons over 60 years of age or to chronically impaired disabled persons. The Food and Nutrition Service works through State agencies, providing them with cash and commodities for use in preparing and serving meals, and administers the various child nutrition programs directly in cases where the State has chosen not to administer the programs. Funds for these programs are provided by direct appropriation and transfer from section 32.

Special Milk Program.—The Special Milk Program provides funding for milk service in schools, nonprofit child care centers, and camps which have no other federally assisted food programs. Since the enactment of the Child Nutrition Amendments of 1986, this provision does not apply to split-session kindergartens where children do not have access to the federally assisted food programs. This milk is provided to children either free or at a low cost. The Food and Nutrition Service provides cash subsidies to State-administered programs and directly administers the program in States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special supplemental food programs.—The Food and Nutrition Service administers two programs—the Special Supplemental Food Program for women, infants, and children [WIC] and the Commodity Supplemental Food Program [CSFP]—which provide supplemental foods to pregnant, postpartum, and breast-feeding women; infants; and young children. CSFP also provides supplemental commodities to low-income elderly persons.

In the WIC program, pregnant, postpartum, and breast-feeding women, and infants and children up to 5 years of age who are found to be at nutritional risk, receive supplemental foods from their local health clinics. State departments of health receive cash grants from the Food and Nutrition Service for this activity. Twenty percent of the total program funding is provided to the States for State and local administrative costs. Funds for this program are provided by direct appropriation.

The Commodity Supplemental Food Program provides supplemental food to a target population similar to that of the WIC program and to the elderly at various locations. The foods, however, are purchased directly by the Department of Agriculture and distributed to eligible women, infants, and children up to 6 years of age through State and local agencies. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses at a rate of 15 percent of appropriated funding plus 15 percent of the value of commodities donated as part of the food package. Congress gave USDA authority to operate elderly feeding projects. Using CSFP local agency sites and various commodities provided through CSFP, these projects focus on volunteer delivery of food packages to homebound elderly persons. Funds for these programs are provided by direct appropriation.

Cash and commodities for selected groups.—The Food and Nutrition Service administers the Needy Family Program which provides nutritious agricultural commodities to eligible low-income households on or near Indian reservations and in the Trust Territory of the Pacific Islands. The program also helps to expand markets for food produced by American farmers. Monthly packages of USDA donated commodites are distributed to beneficiary households from local warehouse facilities. Participating agencies can order food items according to households' preferences. Participants receive information about nutrition, proper food storage, sanitary food preparation methods, and suggestions for using donated foods from nutritionists, county extension home economists, and other sources. Funds for this program are provided by direct appropriation.

The nutrition program for the elderly provides nutritious meals for elderly people. State agencies on aging designate area agencies on aging to plan and coordinate the nutrition program through local outlets. The State agencies on aging request USDA-donated foods, cash in lieu of food, or a combination of both to provide meals to the elderly at various sites. The amount of food or cash that USDA gives each State is based on the number of meals served in the program and the level of available funds. Funds for this program are provided by direct appropriation.

Nutrition assistance for Puerto Rico.—As a result of the Omnibus Reconciliation Act of 1981, the Food and Nutrition Service now provides the Commonwealth of Puerto Rico with a nutrition assistance block grant, which gives the Commonwealth broader flexibility to establish a food assistance program specifically tailored to the needs of its low-income households. Beginning July 1, 1982, the Commonwealth has been providing food assistance to low-income households in the form of cash grants, rather than coupons. The Omnibus Budget Reconciliation Act of 1982 prohibited the use of cash for nutrition assistance in the

Commonwealth after fiscal year 1983. Public Law 98–204, approved December 2, 1983, postponed the effective date of the noncash provision until October 1, 1985. The noncash provision was then deleted by the Food Security Act of 1985 (Public Law 99–198).

Temporary Emergency Food Assistance Program [TEFAP].—The Temporary Emergency Food Assistance Program provides funding for the intrastate storage and distribution of USDA donated commodities. The funds are made available to State and local distributing organizations through grants administered by the Food and Nutrition Service.

Under this program, assistance may be provided to cover the costs incurred by charitable institutions, food banks, hunger centers, soup kitchens, and similar nonprofit eligible recipient agencies providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

The allocation of funds to the States is based upon a formula which considers the States' unemployment level and the number of persons with incomes below the poverty level.

Food Program administration.—This account provides for the salaries and operating expenses of the Food and Nutrition Service. Headquarters of the Service is at Park Office Center in Alexandria, VA. The Food and Nutrition Service maintains the following seven regional offices: Burlington, MA; Robbinsville, NJ; Atlanta, GA; Chicago, IL; Dallas, TX; Denver, CO; and San Francisco, CA.

CHILD NUTRITION PROGRAMS

	Appropriation	Transfer from sec. 32	Total
1988 appropriation	$679,826,000	$3,817,803,000	$4,497,629,000
1989 budget estimate	515,855,000	4,093,272,000	4,609,127,000
House allowance	530,855,000	4,093,272,000	4,624,127,000
Committee recommendation	480,544,000	4,093,272,000	4,573,816,000

The child nutrition programs, authorized by the National School Lunch Act and the Child Nutrition Act of 1966, subsidize meals served to children. The programs reach children not only through schools but also through a variety of other institutions. The Supplemental Appropriations Act of 1987, Public Law 100–71, eliminated the tuition cap on any nonprofit private schools allowing all such schools to participate in the National School Lunch Act and the Child Nutrition Act. A general description of the programs follows:

1. Cash payments to States.—The programs are operated under an agreement entered into by the State agencies and the Department. Funds are made available under letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies, and if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreements and rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for Food Away From Home.

(a) School Lunch Program.—Assistance is provided to the States for the service of lunches to all school children, regardless of family income. States must match some of the Federal cash grant. In fiscal year 1988, the School Lunch Program will provide assistance for serving an estimated 4,043,000,000 school lunches including 2,075,000,000 for children from upper-income families and 1,968,000,000 for children from lower and low-income families. Schools which, in the second previous fiscal year, served at least 60 percent of their lunches at free or reduced prices receive an additional 2 cents per meal assistance. An estimated 24,500,000 children are expected to participate in the program daily during the school year.

(b) Special assistance for free and reduced price lunches.—Additional assistance is provided to the States for serving lunches free or at a reduced price to needy children. In fiscal year 1988 under current law, the program will provide assistance for about 1,968,000,000 lunches, of which 1,702,000,000 will be served free of charge and 266,000,000 at reduced price. Approximately 11,900,000 needy children will participate in the program on an average school day during the year.

(c) School Breakfast Program.—Federal reimbursement to the States is based on the number of breakfasts served free, at a reduced price, or at the general rate for those served to nonneedy children. Certain schools, designated in severe need, because, in the second preceding year, they served at least 40 percent of their lunches at free or reduced prices and because the regular breakfast reimbursement is insufficient to cover costs, receive higher rates of reimbursement in both the free and reduced price categories. In fiscal year 1988, the program will serve an estimated 637,000,000 breakfasts to a daily average of 3,863,000 children.

(d) State administrative expenses.—The funds may be used for State employee salaries, benefits, support services, and office equipment. Public Law 95–627 made the State administrative expenses grant equal to 1½ percent of certain Federal payments in the second previous year. In fiscal year 1988, $54,289,000 will be allocated among the States to fund ongoing State administrative expenses and to improve the management of the various nutrition programs. The Child Nutrition Amendments of 1986 authorize the use of up to three pilot projects to evaluate the benefits of contracting out for the administration of the child nutrition programs in States where the Food and Nutrition Service currently administers these programs.

(e) Summer Food Service Program.—Meals served free to children in low-income neighborhoods during the summer months are supported on a performance basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses. During the summer of 1988, approximately 82,615,000 meals will be served.

(f) Child Care Food Program.—Preschool children receive year-round food assistance in nonprofit child care centers and family and group day care homes under this program. Public Law 97–35 permits profit-

making child care centers receiving compensation under title XX of the Social Security Act to participate in the program if 25 percent of the children served are title XX participants. The Child Care Food Program reimburses State agencies at varying rates for breakfasts, lunches, suppers, and meal supplements and for program-related State audit expenses. In fiscal year 1988, approximately 770,772,000 meals will be served.

2. *Commodity procurement.*—Commodities are purchased for distribution to the School Lunch, Child Care Food, and Summer Food Service Programs. The minimum commodity support rate for all school lunch and child care center lunches and suppers served is mandated by law and adjusted annually on July 1 to reflect changes in the producer price index for food used in schools and institutions. The commodities purchased with these funds are supplemented by commodities purchased with section 32 funds.

3. *Nutrition studies and education.*—

(a) *Nutrition studies and surveys.*—In fiscal year 1988, the funds appropriated for this purpose will be used for several studies. Included among these are a survey to collect accurate and timely data on how child nutrition programs operate at State and local levels; a study of income verification procedures in the School Lunch Program; the child nutrition analysis and modeling study; and the Child Care Food Program evaluation.

(b) *Nutrition education and training.*—Public Law 95-166 instituted a program of grants to the States for nutrition education in schools. In fiscal year 1988, $5,000,000 will be made available to the States for nutrition education and training.

COMMITTEE RECOMMENDATIONS

For the child nutrition programs, the Committee recommends an appropriation of $480,544,000, plus transfers from section 32 of $4,093,272,000 for a total program of $4,573,816,000. This amount is $76,187,000 more than the fiscal year 1988 program level, $35,311,000 less than the budget request, and $50,311,000 less than the House level.

The Committee's recommendation provides for the child nutrition programs at the following annual rates:

Total obligational authority

	Amount
Child nutrition programs:	
School Lunch Program	$607,465,000
Special assistance for free and reduced price lunches	2,411,769,000
School Breakfast Program	508,015,000
State administrative expenses	58,411,000
Summer Food Service Program	145,960,000
Child Care Food Program	655,621,000
Commodity procurement	174,290,000
Nutrition studies and surveys	2,085,000

Total obligational authority—Continued

	Amount
Child nutrition programs—Continued	
Income verification of food service claims	$5,200,000
Nutrition education and training	5,000,000
Total available	4,573,816,000

Included in the Committee's recommendation for the child nutrition programs is $9,689,000 for child care food program audits and $5,000,000 for the nutrition education and training program. The Committee also provides up to $5,200,000 for continuation of the development of a system for independent verification of school food service claims to be funded under the child nutrition programs in lieu of Federal administration.

According to recent amendments to section 17(p)(1) of the School Lunch Act (42 U.S.C. 1766), adult day care centers were made eligible for participation in the child care food program. The Committee is aware of delay in the promulgation of regulations and has concerns that the household income definition, categorical eligibility considerations, and the establishment of nutritional meal patterns appropriate for the elderly could be compromised to the detriment of program participants. The Committee has provided bill language clarifying congressional intent with respect to the program and directs the Department to proceed expeditiously with regulations, taking into account the special needs and circumstances of seniors at adult day care centers, in order to assure maximum participation as contemplated by Congress.

Included in this appropriation is $200,000 to plan the Mississippi School Food Service Management Institute. The Committee is aware that the requested study will be conducted and expects planning of the institute to proceed without interruption.

SPECIAL MILK PROGRAM

1988 appropriation	$21,500,000
1989 budget estimate	19,925,000
House allowance	19,925,000
Committee recommendation	19,925,000

The Special Milk Program is authorized by section 3 of the Child Nutrition Act of 1966, as amended. It subsidizes institutions for milk consumed by students in nonprofit schools of high school grade or under, summer camps, and similar institutions that do not participate in another meal service program authorized by the Child Nutrition Act or the National School Lunch Act. Effective October 1, 1986, based on authority in Public Law 99–661, children in split session kindergarten programs in nonprofit schools who do not have access to the meal service programs operating in those schools may participate in the Special Milk Program.

In fiscal year 1988 approximately 223,476,000 half-pints will be served in the Special Milk Program. These include about 214,210,000 half-pints served to children whose family income is above 130 percent of poverty and about 9,266,000 half-pints served free to children whose family income is at or below 130 percent of poverty. During fiscal year 1988, the average full cost reimbursement for milk served to needy children is expected to be 14.23 cents for each half-pint. Milk served to nonneedy children is expected to be reimbursed at 9.5 cents for each half-pint.

COMMITTEE RECOMMENDATIONS

For the Special Milk Program, the Committee has recommended $19,925,000 to fund the program fully in those institutions which are eligible. This amount is $1,575,000 less than the 1988 level and the same as the budget request and the House level. The appropriation combined with carryover funds of over $2,000,000 from 1988, will allow for a total program of approximately $21,925,000 for 1989.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN [WIC]

1988 appropriation	$1,802,363,000
1989 budget estimate	[1] 1,876,749,000
House allowance	1,927,362,000
Committee recommendation	1,927,362,000

[1] The 1989 budget proposed for this activity to be funded in a single account for supplemental feeding programs.

The Special Supplemental Food Program for Women, Infants, and Children [WIC] is authorized by section 17 of the Child Nutrition Act of 1966. The program makes funds available to local health clinics through State departments of health and to Indian tribes to provide supplemental foods to low-income pregnant, postpartum, and breastfeeding women, infants and children up to 5 years of age who are determined by competent medical or nutritional professionals to be at nutritional risk. In fiscal year 1988 the program funds are expected to support an average monthly participation of 3,600,000 participants at an average cost of $41.98 per person per month.

The WIC program food packages are designed to provide foods which studies have demonstrated are lacking in the diets of the WIC program target population. The authorized supplemental foods are iron-fortified infant formula, infant cereal, milk, cheese, eggs, iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans and peas, and peanut butter.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. The food is free of charge to all participants.

Twenty percent of the total available funds (except for funds appropriated for program evaluation) are allocated among the States for costs of nutrition services and administration associated with the WIC program. These costs include certifying participant eligibility, food delivery, and warehousing, monitoring, nutrition education, outreach, startup cost, and general administration by the State agency. Not less than one-sixth of these administrative funds must be used for nutrition education activities.

Public Law 95–627 makes one-half of 1 percent of program funds, not to exceed $3,000,000, available to the Secretary for evaluation of program performance.

COMMITTEE RECOMMENDATIONS

For the Special Supplemental Food Program for Women, Infants, and Children [WIC], the Committee recommends an appropriation of $1,927,362,000. This amount is $124,999,000 more than the 1988 appropriation, $50,613,000 more than the budget estimate, and the same as the House level.

The recommendation for 1989 retains separate accounts for the Special Supplemental Food Program for Women, Infants, and Children [WIC] and for the Commodity Supplemental Food Program [CSFP] by rejecting the administration's proposal to combine the programs into a single account. While both programs offer supplemental food assistance to low-income and nutritionally at-risk women, infants, and children, each serves these populations in distinct locations. Caseload committed for the CSFP should not be taken away or reduced in an effort to reach new expansion levels for WIC, since the number of eligibles exceeds the resources available to both programs. In addition, expansion of WIC in various locations should not be used by the Department as justification for denying expansion of CSFP caseload to serve senior citizens.

The Agricultural Commodity Distribution Act of 1987 (Public Law 100–237) allows States that employ competitive bidding or concessional pricing systems for WIC program commodities to expand program participation with realized savings. If as many as 25 States were to implement rebate systems in 1989 accordingly, it is estimated that as many as 400,000 additional participants could be served by the WIC program without increasing WIC program appropriations. Therefore, the Committee directs the Department to assist all States to implement competitive bidding or concessional pricing systems expeditiously over the next 3 years so that maximum participation levels may be achieved with WIC program funds.

Full implementation of effective rebate systems should have a significant impact on WIC program expansion in 1989. Coupled with an increase in appropriations that would serve almost 100,000 additional participants over the 1988 average participation rate of 3,600,000, the Committee finds that resources for the WIC program could support well over 4 million participants in 1989.

Several recent reports have documented the effectiveness of the WIC program for low-income women, infants, and children at nutritional risk. The Committee reiterates its interest in having the Department report annually on the progress of evaluations and studies undertaken of the WIC program. The Department is also directed to pursue evaluations that assess the benefits of WIC participation on birth outcome, short-term and long-term health and dependent care costs, cognitive and physical development and other measures of program effectiveness, as well as analyses of methods to improve administration of the program through technical assistance and information management.

COMMODITY SUPPLEMENTAL FOOD PROGRAM [CSFP]

1988 appropriation	$50,000,000
1989 budget estimate	[1] 47,099,000
House allowance	53,500,000
Committee recommendation	50,000,000

[1] The 1989 budget proposed for this activity to be funded in a single account for supplemental feeding programs.

The Commodity Supplemental Food Program [CSFP] is authorized by section 4(a) of the Agricultural and Consumer Protection Act of 1973, as amended in 1981 by Public Law 97–98. This program provides supplemental foods to infants and children up to age 6 and to pregnant, postpartum, and breast-feeding women and to senior citizens who have low incomes and are residing in approved project areas.

In fiscal year 1988 approximately 165,755 women, infants, and young children and 80,000 elderly are authorized to receive food packages each month. The foods are provided by the Department of Agriculture for distribution through State agencies. The authorized commodities are iron-fortified infant formula, rice cereal, canned juice, evaported milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry, egg mix, dehydrated potatoes, farina, and peanut butter or dry beans. Elderly participants may receive all commodities except iron-fortified infant formula and rice cereal.

States are given 15 percent of the Federal funds appropriated and, according to the Food Security Act of 1985 (Public Law 99–198), enacted December 23, 1985, 15 percent of the value of donated commodities to cover administrative costs. Allowable administrative costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

The Food Stamp and Commodity Distribution Amendments of 1981 (Public Law 97–98) authorized the institution of two pilot commodity distribution projects directed at low-income elderly persons. Detroit, MI, and Des Moines, IA, were selected as pilot sites. A third project, authorized by the 1983 Agriculture Appropriations Act (Public Law 97–370) was established in New Orleans, LA, in December 1982. The Food Security Act of 1985 (Public Law 99–198) authorized all CSFP sites to serve the elderly.

COMMITTEE RECOMMENDATIONS

For the Commodity Supplemental Food Program, the Committee recommends an appropriation of $50,000,000, the same as the amount appropriated for 1988, $2,901,000 more than the budget request, and $3,500,000 less than the House level.

The Committee directs the Department to utilize all funds carried over from 1988 to serve the authorized caseload at each site in 1989, noting that, based on current participation, the amount remaining is expected to exceed amounts necessary for forward purchasing and other administrative requirements. Further, it is expected that full caseload participation will be met at each new site established in 1988 and that WIC expansion efforts will not be used as a rationale for denying funds to establish additional new sites or for expansion of prior existing sites. The Committee endorses expansion of both the women, infants, and children component of CSFP and the elderly component of CSFP, at new and existing sites, to the extent that available funds allow.

FOOD STAMP PROGRAM

1988 appropriation	$13,557,757,000
1989 budget estimate	13,427,955,000
House allowance	13,427,955,000
Committee recommendation	13,412,955,000

The Food Stamp Program, which is authorized through September 30, 1990, by the Food Security Act of 1985, helps individuals and families with low incomes to obtain a more nutritious diet. Eligible participants are entitled to food stamp allotments based on their household size and net income after provision has been made for certain deductions. The food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance of the Food Stamp Program.

The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands, and Guam. Participating households receive food stamps whose value is determined by household size and income. The cost of the stamps is paid by the Federal Government and is called benefit cost. As required by law, the food stamp allotments for the various household sizes are periodically revised to reflect changes in the cost of the thrifty food plan. The last revision was made on October 1, 1987.

The State social service agencies are responsible for certifying eligible households and issuing the food stamps. Authorized grocery stores accept the stamps as payment for food purchases and forward them to commercial banks for cash or credit. The stamps flow through the banking system to the Federal Reserve Bank for redemption out of a special account maintained by the U.S. Treasury Department.

In fiscal year 1988 an average of 18,823,000 persons are expected to participate in the program monthly and receive stamps worth an average of $49.88 each month.

NUTRITION ASSISTANCE FOR PUERTO RICO

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) authorized a block grant for nutrition assistance to Puerto Rico which gives the Commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. However, the Commonwealth must submit its annual plan of operation to the Secretary for approval. The Food Security Act of 1985 (Public Law 99–198), enacted December 23, 1985, reauthorizes appropriations through fiscal year 1990. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program. The grant may also be used to fund projects to improve agriculture and food distribution in Puerto Rico.

ADMINISTRATIVE COSTS

Since October 1, 1984, all direct and indirect administrative costs incurred for certification of nonpublic assistance households, issuance of food stamps, quality control, and fair hearing efforts have been shared by the Federal Government and the States on a 50–50 basis. States may receive 60 percent Federal funding of administrative costs if their error rates are below 5 percent and a reasonable rate of invalid decisions is attained. Any State agency's Federal administrative funding payment may be reduced if its error rate of overissuances and payments to ineligible households exceeds 5 percent in fiscal year 1985 or any succeeding fiscal year. Federal funding for 75 percent of automation costs incurred by State agencies is authorized by law.

State administration also includes State antifraud activities. Under the provisions of the Food Stamp Act of 1977, States are eligible to be reimbursed for not less than 75 percent of the costs of their food stamp fraud investigations and prosecutions. Of the funds appropriated for State administration, $63,300,000 has been budgeted to cover State antifraud activities in fiscal year 1988.

States are required to implement an employment and training program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training, or experience that will increase their ability to obtain regular employment. In fiscal year 1987, the Department of Agriculture implemented a new grant program to States to assist them in providing employment and training services. The Department will pay the States at least $98,200,000 to operate work programs in fiscal year 1988.

COMMITTEE RECOMMENDATIONS

For programs under the Food Stamp Act, the Committee recommends an appropriation of $13,412,955,000. This amount is $144,802,000 less than the 1988 appropriation, and $15,000,000 less than the budget estimate and the House level.

Since the unemployment rate is a key factor in calculating average participation in the Food Stamp Program, up-to-date estimates of unemployment are necessary. At the time the budget for 1989 was submitted, the estimated unemployment rate was 5.9 percent for 1988 and 5.75 percent for 1989. The actual unemployment rate in the first quarter of 1988 was 5.7 percent, while the actual rates for April and May are 5.4 and 5.6 percent, respectively.

The Committee recommendation for the Food Stamp Program includes adjustments based on recent estimates of unemployment and costs of the Thrifty Food Plan. In addition, the 1989 appropriation recommendation includes the authorized level of $908,250,000 for the Puerto Rico Nutrition Assistance Program to meet the primary food assistance requirements of Puerto Rico's needy population.

The Committee concurs with the House earmark of $10,000,000 for equipment necessary to improve accountability in the food coupon redemption process.

CASH AND COMMODITIES FOR SELECTED GROUPS

1988 appropriation	$194,108,000
1989 budget estimate	199,147,000
House allowance	199,147,000
Committee recommendation	199,147,000

The cash and commodities for selected groups appropriation funds the food distribution program on Indian reservations; the continuation of food assistance to residents of the Federated States of Micronesia, Marshall Islands, and the Republic of Palau; and the nutrition program for the elderly.

Food distribution programs on Indian reservations and in the Pacific Islands.—The Food and Agriculture Act of 1977 authorized the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations or in the Trust Territories of the Pacific. The act requires that a food distribution program be established on an Indian reservation if an Indian tribal organization [ITO] requests the program. If the ITO is capable of administering the program, it may do so in lieu of administration by a State agency. Public Law 97–98 authorized low-income Indian households residing in Oklahoma and not living on a reservation to participate in the program.

The Compact of Free Association Act of 1985 as amended and the compact approved by the peoples of the Federated States of Micronesia and the Marshall Islands established them as freely associated States. For transition purposes, food assistance will continue in fiscal year 1987 and 1988 but at reduced levels as prescribed in the act. Food assistance for Palau will continue at normal levels until the residents of Palau approve their compact.

In fiscal year 1988 participation in the food distribution program on Indian reservations is expected to average about 144,493 per month. It is estimated that 520 residents of the former trust territories will receive food assistance in fiscal year 1988.

The foods made available to the distributing agencies include canned meat, fruit, vegetables and juice, flour, rice evaporated milk, dry milk, and shortening. To the extent that surplus price-support commodities are available and can be used and not wasted, the Commodity Credit Corporation [CCC] donates them for use in this program. In fiscal year 1988 the cost of the food package distributed on Indian reservations will average about $29.02 per person per month. The cost of the package includes the value of commodities donated by CCC.

Cash payments are made to distributing agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. Included among these costs are local warehousing and transportation of commodities, utilities, salaries, and equipment.

Nutrition program for the elderly.—Commodity support for the nutrition program for the elderly is authorized by titles III and VI of the Older Americans Act of 1965. The foods provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the home-bound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objectives of promoting better health and reducing the isolation of old age.

Currently, commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. Public Law 100–175 set the rate at 56.76 cents per meal through fiscal year 1991. Some States elect to take all of their subsidy in cash and some States choose to receive a combination of cash and commodities. The commodities made available to the nutrition program for the elderly are generally the same as those provided to schools under the child nutrition programs.

Although originally a program to distribute nutritious surplus commodities to senior meal sites, the program evolved into a cash subsidy program. Almost 96 percent of program resources are distributed to meal providers in cash, on a per meal reimbursement basis.

COMMITTEE RECOMMENDATIONS

For the programs of the cash and commodities for selected groups, the Committee recommends an appropriation of $199,147,000. This amount is $5,039,000 more than the 1988 appropriation and the same as the budget request and the House level.

Included in the Committee recommendation is $48,751,000 for the Needy Family Program and $150,396,000 for the Elderly Feeding Program for a total appropriation of $199,147,000 in 1989. The amount recommended for the Needy Family Program is $9,103,000 less than the House level and the amount for the Elderly Feeding Program is $9,103,000 more than the House level. The reason for this difference is updated participation estimates for each program. It is noted that transfer authority is permitted under this account.

The Committee is aware of criticism of proposed regulations for the Needy Family Program and expects that the Department will make its best effort to minimize unnecessary paperwork and barriers to participation that could be imposed on the program by modifying and republishing its proposed regulations for comment.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

1988 appropriation	$50,000,000
1989 budget estimate	....
House allowance	50,000,000
Committee recommendation	50,000,000

Title II of Public Law 98-8, enacted March 3, 1983, authorized and appropriated funds for costs of intrastate storage and transportation of CCC commodities donated to families. Public Law 98-198, enacted December 23, 1985, authorized $50,000,000 for this purpose in fiscal years 1986 and 1987.

Funds are administered by the Food and Nutrition Service through grants to State agencies which operate commodity distribution programs. Allocation of the funds to States is based on a formula which considers the States' unemployment rates and the number of persons with incomes below the poverty level.

In fiscal year 1987, about 846,400,000 dollars' worth of surplus commodities were distributed to assist needy individuals. Donations will continue in fiscal year 1988. Precise levels will depend upon the availability of surplus commodities and requirements regarding market displacement.

COMMITTEE RECOMMENDATIONS

For the Temporary Emergency Food Assistance Program [TEFAP], the Committee recommends an appropriation of $50,000,000. This amount is the same as the 1988 appropriation and the House level, and $50,000,000 more than the budget request.

TEFAP is a vital program that provides supplemental food assistance to low-income Americans while reducing surplus stocks of commodities under authority granted by section 416(a) of the Agricultural Act of 1949. Funding in 1989 is provided to assure that States and localities continue to have available necessary resources for the storage, distribution, and transportation of surplus commodities donated to needy Americans.

FOOD PROGRAM ADMINISTRATION [FPA]

1988 appropriation	$85,828,000
1989 budget estimate	94,825,000
House allowance	86,494,000
Committee recommendation	91,952,000

Federal expenses associated with administration of the Food and Nutrition Service [FNS] programs are provided in the FPA appropriation. These expenses involve program and policy development, program monitoring, assistance to State agencies which actually operate the programs and general management support. Costs directly associated with delivery of benefits to participants are generally shared with the States and are funded from the individual program appropriations. Direct Federal operation of programs is provided through the FPA appropriation only in certain cases where a State is prohibited by law from disbursing program funds or where no State agency has assumed administrative responsibility.

The following programs are administered by FNS: Child Nutrition Programs, Special Milk Program, Special Supplemental Feeding Program for Women, Infants, and Children [WIC], Commodity Supplemental Food Program [CSFP], Food Stamp Program, Nutrition Assistance for Puerto Rico, and the Cash and Commodities for Selected Groups.

COMMITTEE RECOMMENDATIONS

For food program administration, the Committee recommends an appropriation of $91,952,000. This amount is $6,124,000 more than the 1988 level, $2,873,000 less than the budget request, and $5,458,000 more than the House level.

The Committee concurs with the recommendation of the House to provide up to $5,200,000 for establishing an independent verification process for school food service claims to be funded under the Child Nutrition Program. In addition, the Committee provides $2,770,000 to meet the Information Resources Management fourth year requirements in accordance with the budget request and in an effort to comply with recommendations by the General Accounting Office.

Efficient management, verification and oversight of food assistance programs is accomplished through effective program administration; therefore, the Committee rejects the budget recommendation to eliminate 85 staff-years in 1989 and encourages continued development of agency management systems.

HUMAN NUTRITION INFORMATION SERVICE

1988 appropriation	$8,623,000
1989 budget estimate	9,288,000
House allowance	9,013,000
Committee recommendation	8,823,000

The Human Nutrition Information Service [HNIS] was established October 1, 1981, by the Secretary's Memorandum No. 1000–1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agricultural Research Service. HNIS activities fall into one major category: Research, analysis, and technical assistance which is concerned with the conduct and interpretation of applied research in human nutrition to improve professional and public understanding of the nutritional adequacy of diets and food supplies. It is also concerned with the nutritive value of food and the development of knowledge needed to improve the nutritional quality of diets, thereby improving the general health of the American public.

The agency has primary responsibility for the Department's role in the National Nutrition Monitoring System and in formulating dietary guidelines for healthy Americans. It is the primary national resource for information on the nutritive value of foods.

COMMITTEE RECOMMENDATIONS

For the Human Nutrition Information Service, the Committee recommends $8,823,000, $465,000 less than the budget estimate, $200,000 more than the level provided in 1988, and $190,000 less than the House level.

TITLE IV—INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

1988 appropriation	$92,217,000
1989 budget estimate	89,057,000
House allowance	92,417,000
Committee recommendation	100,900,000

The Foreign Agricultural Service [FAS] was established on March 10, 1953, by Secretary's Memorandum No. 1320, supplement 1. Public Law 690, approved August 28, 1954, transferred the agricultural attachés from the Department of State to the Foreign Agricultural Service.

The agency maintains a worldwide agricultural intelligence and reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is accomplished through a continuous program of reporting by 76 posts located throughout the world covering some 108 countries.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attaché reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service is now using advanced techniques for identifying, delineating, and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer-aided analysis of satellite, meteorological, agricultural, and related data.

The mission of FAS overseas is to represent U.S. agricultural interests, to promote export of domestic farm products, improve world trade conditions, and report on agricultural production and trade in foreign countries. FAS staff are stationed at foreign embassies in over 100 countries around the world where they provide expertise in agricultural economics and marketing, as well as provide attaché services.

The Foreign Agricultural Service works in conjunction with market development cooperators, trade associations, State departments of agriculture and their affiliates, and U.S. sales teams to develop foreign markets for U.S. farm products. FAS sponsors overseas trade exhibits to promote U.S. agricultural products, provides information about foreign importers, and performs a wide range of market development activities.

The Food Security Act of 1985 (Public Law 99–198) authorized several export assistance programs to counter the adverse effects of unfair trade practices by competitors on U.S. agricultural trade. The Export Enhancement Program uses CCC-owned commodities as export bonuses to provide export enhancements to U.S. producers. The Targeted Export Assistance [TEA] Program conducts both generic and brand-identified promotional programs in conjunction with nonprofit agricultural associations and private firms financed through reimbursable CCC certificates. These programs are supplemented by the Cooperator Program, a joint FAS-nonprofit private trade and producer association partnership program developing strategies for U.S. agriculture export expansion. Nonprofit private trade and producer associations have generated an estimated $834,000,000 in contributions to more than match the $439,000,000 contributed by FAS to finance overseas market promotion activities under the Cooperator Program. In addition, GSM credit guarantee programs play an integral role in the recent progress of American agriculture in the world marketplace.

The Agricultural Trade Act of 1978 includes authority to establish up to 25 agricultural trade offices. Currently, 15 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups, and State export marketing officials in trade promotion.

The Service initiates, directs, and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices by other countries that hinder U.S. agricultural exports to third markets.

COMMITTEE RECOMMENDATIONS

For the Foreign Agricultural Service, the Committee recommends an appropriation of $100,900,000. This amount is $8,683,000 more than the 1988 amount, $11,843,000 more than the budget estimate, and $8,483,000 more than the House level.

Since adoption of the 1985 Food Security Act, the Foreign Agricultural Service has been responsible for administration of 12 export enhancement related programs responsible for significantly improving the agriculture trade balance. The Committee recommendation assumes that the Department will continue to pursue these export initiatives and take additional measures to evaluate their progress.

AGRICULTURAL TRADE MISSIONS

Agricultural trade and development missions were authorized by Public Law 100–202 in December 1987. The program was officially announced by the U.S. Department of Agriculture and a mission coordinator appointed on January 14, 1988.

The program is designed to encourage greater U.S. private sector and foreign country participation in U.S. agricultural trade and development programs. The goal of the program is to develop countries and customers for U.S. agricultural exports by offering specially designed combinations of U.S. trade and food assistance activities to selected countries.

Each mission meets with appropriate foreign and U.S. representatives in each country to offer technical expertise and to assist in planning the extent to which U.S. trade and development programs could be used to meet the food and economic needs of the country. The missions help obtain firm commitments for food aid programs and commodity sales.

The missions are chaired by the Secretary of Agriculture and include representatives from the U.S. Departments of Agriculture and State, the U.S. Agency for International Development, and representatives of the private sector, including private voluntary organizations and cooperatives.

The Committee has included $900,000 for the agricultural aid and trade missions. The House proposed to fund these missions in a separate account at $400,000. There is no budget request for this purpose.

SUNFLOWER OIL ASSISTANCE PROGRAM

The Committee has included a general provision recommending at least $10,000,000, but not more than $20,000,000, of section 32 funds to purchase sunflower oil for export in world markets through the Sunflower Oil Assistance Program. Such funds will be made available in 1989 through 1990 and are in addition to funds made available for this program in 1988.

TUNISIA

Tunisia is currently experiencing the worst drought in this century. Coupled with a large-scale locust infestation, the country estimates a devastating decline in grain production, from 1.9 million tons down to nearly 100,000 this year. During this period of hardship, Tunisia is looking to the United States for assistance in securing sufficient stocks to meet demand. Acknowledging historical friendly relations between the United States and Tunisia, the Committee directs FAS to explore appropriate measures for providing assistance to Tunisia through credit guarantees, loans, concessional sales agreements, donations, or other effective means to alleviate its serious grain shortages.

TARGETED EXPORT ASSISTANCE

One of the more innovative programs created by the Food Security Act of 1985 was the Targeted Export Assistance [TEA] Program. Authorized by section 1124 of the 1985 act, cash or commodities are made available to counter the effects of unfair trade practices by foreign competitors or importers. Many of the private sector groups who help USDA carry out TEA programs are also cooperators under the Foreign Agricultural Service's Foreign Market Development Program, and many have previous experience in promoting overseas sales of U.S. commodities. Many of these groups have foreign offices in a number of strategic markets, further enhancing their ability to carry out the mandate of section 1124.

One of the virtues of TEA is that it allows the United States to offset the effect of unfair trade practices through benefits to the U.S. industry affected. Examples of TEA programs that have proved both innovative and successful are:

Exports of United States frozen potato products to Asian markets have risen through the Potato Board's innovative campaign in Japan and other major markets, featuring television commercials, subway posters, seminars by a prominent United States chef and other activities.

The National Sunflower Association has promoted West German use of sunflower kernels as a snack and a food ingredient, through newspaper and magazine articles, a food show exhibition, and targeted work with the food industry.

The American Soybean Association has carried on an aggressive media campaign in the United Kingdom to promote soybean oil. Eighteen major grocery chains in the United Kingdom now carry identified soybean oils, where only a few did before.

Demonstrating the high quality and varied uses of different classes of American wheat, U.S. Wheat Associates has sent wheat samples into a number of countries where those individual classes had not been purchased before.

Horticultural crops, such as almonds, citrus, and walnuts, to name a few, have been successfully promoted in over 25 countries.

The Committee believes the Targeted Export Assistance Program has played a significant role in the resurgence of U.S. competitiveness in the years since passage of the Food Security Act of 1985. TEA has combined the expertise of the private sector with the resources of Government to increase U.S. farm exports. It is not a substitute for the existing cooperator market development program, but it is an important part of the overall U.S. effort to regain the competitive edge in world agricultural markets. Thus, the Committee has struck the House general provision limiting the TEA Program.

EXPORT ENHANCEMENT PROGRAM

The Committee notes the success of the Export Enhancement Program [EEP] in boosting exports of a wide variety of agricultural commodities and believes it is important that the EEP continue to be administered in an aggressive manner in order to regain lost markets and increase the United States' leverage in the ongoing Uruguay Round of multilateral trade talks. For this reason, the Committee affirms the assumptions in the President's budget request which contemplates the use of $900,000,000 in commodities during fiscal year 1989 and has struck the House general provision limiting EEP. Also, the Committee notes the Secretary's broad discretion to operate EEP under authority of the Commodity Credit Corporation Charter Act at such levels as are necessary to make U.S. commodities competitive in export markets.

PUBLIC LAW 480

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover the costs of such programs. When funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual needs, the excess is used to reduce future appropriation requests. Because of these various funding authorities, actual program levels vary from the amounts provided in the appropriations bill.

The following activities are currently being carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83d Congress, as amended:

TITLES I AND III—CREDIT SALES

	Direct appropriation	Program level
1988 appropriation	$429,596,000	$852,000,000
1989 budget estimate	428,200,000	812,000,000
House allowance	428,200,000	817,000,000
Committee recommendation	468,100,000	851,900,000

Financing the sale of agricultural commodities for convertible foreign currencies, for dollars on credit terms, or for convertible foreign currency for use under section 108 of the act; and furnishing commodities to carry out the Food for Progress Act of 1985 (titles I and III) (7 U.S.C. 1701–1715, 1727–1727f).—Title I of the legislation authorizes financing of sales for convertible foreign currencies and for dollars on credit terms, including commodities exported under title III food for development programs. Sales for dollars or convertible foreign currencies may be made to foreign governments, or United States and foreign private trade entities. The legislation provides for credit terms that are as favorable to the United States as the economy of the foreign country will permit, but not less than the terms for development loans made under sections 122(a) and 122(b) of the Foreign Assistance Act of 1961, as amended.

Title I sales may also be financed for convertible foreign currencies to be loaned to financial intermediaries in the recipient countries. These funds would be reloaned to promote private enterprise institutions. Loans repaid by the financial intermediaries may be reloaned for private enterprise investment, used to develop new markets, pay U.S. obligations, or be converted to U.S. dollars.

Title I appropriated funds may also be used under the Food for Progress Act to furnish commodities on credit terms or on a grant basis to assist countries that have a commitment to introduce and expand free enterprise elements in their agricultural economies.

COMMITTEE RECOMMENDATION

For Public Law 480, titles I and III, the Committee recommends a program level of $851,900,000. This amount is $100,000 less than the 1988 level, $39,900,000 more than the amount requested in the budget, and $34,900,000 more than the House level.

The Committee recommendation for title I includes an appropriated level of $468,100,000. This amount plus carryover balances of $51,800,000 and receipts from repayments on long-term credit and sales of foreign currency of $332,000,000 comprise the total recommended program level of $851,900,000 for title I.

TITLE II—COMMODITIES FOR DISPOSITION ABROAD

	Direct appropriation	Program level
1988 appropriation	$630,000,000	$630,000,000
1989 budget estimate	595,000,000	595,000,000
House allowance	630,000,000	630,000,000
Committee recommendation	630,000,000	630,000,000

Commodities supplied in connection with dispositions abroad (Title II) (7 U.S.C. 1721–1726).—Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title, and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations. Each year, up to $7,500,000 of foreign currencies accruing under title I may be purchased from this appropriation to meet costs of self-help activities (other than personnel and administrative) of cooperating groups.

COMMITTEE RECOMMENDATION

For title II of Public Law 480, the Committee recommends an appropriation of $630,000,000. This amount is the same as the amount available in 1988, $35,000,000 more than the budget request, and the same as the House level. The Committee concurs with the House inclusion of statutory language limiting transfer authority between title II and titles I and III to 10 percent.

It is expected that food needs in Northern Africa and the Sahel Region will increase significantly in 1989 due to crop devastation brought on by locust infestation in Algeria, Niger, Mali, Morocco, Tunisia and Chad. Famine in Eastern Africa persists despite world relief efforts. Other areas of the globe suffer from food shortages and are expected to request food assistance from the United States.

The Committee urges the Foreign Agricultural Service [FAS], in conjunction with other executive agencies, to work expeditiously to avert disaster and preventable food shortages through full utilization of Public Law 480. Recent inexcusable delays in programming commodity shipments to meet the mandatory minimum tonnage requirements established in Public Law 480, title II, have come to the Committee's attention. In the future, the Committee directs FAS to work to the maximum extent possible to assure that the minimum requirements are met in accordance with law.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

1988 appropriation	$5,295,000
1989 budget estimate	3,972,000
House allowance	3,827,000
Committee recommendation	5,319,000

The Office of International Cooperation and Development [OICD] was established by Secretary's Memorandum No. 1947, dated May 1, 1978.

The mission of OICD is to promote U.S. agriculture and to advance the agriculture of developing countries as parts of a complementary global agricultural system capable of providing ample food and fiber for all people. To accomplish this mission, OICD applies USDA policies and U.S. agricultural perspectives in its programs of international agricultural cooperation and development, and in its work with foreign countries, international organizations, U.S. universities and other institutions, agencies of the U.S. Government, and the U.S. private sector.

COMMITTEE RECOMMENDATIONS

For the Office of International Cooperation and Development, the Committee recommends an appropriation of $5,319,000. This amount is $24,000 more than the 1988 level, $1,347,000 more than the budget estimate, and $1,492,000 more than the House level.

SCHOLARSHIPS FOR FOREIGN AGRICULTURALISTS

The Committee reiterates its support for the Middle Income Country Training Program and recommends $1,492,000 for its continuation. This funding serves as core money for a much larger activity. OICD serves as a hub for bringing together the U.S. trade and development interest groups, foreign government and private sector cooperators, and the U.S.

diplomatic community for the mutual benefit of the United States and participating countries.

The program provides many benefits, not the least of these being assisting other nations with development problems; building goodwill and improved understandings among nations; and gaining access to data, germplasm, and information. However, U.S. trade concerns are not overlooked. Activities with Taiwan, for example, will help expand United States exports by giving Taiwan the expertise needed to import blueberries for the first time, as well as to expand citrus, processed meat, and other imports. Training on wheat milling/processing is expected to lead to sales of equipment, as well as changes in Taiwanese regulations which will liberalize imports from the United States. Training in rice milling for Cote d'Ivoire in 1987 led to negotiations for the sale of 14,000 tons of rice, with the potential for 170,000 more.

Because of trade potential, OICD works closely with some 20 U.S. trade groups to plan and implement program activities—U.S. Wheat Associates, the National Forest Products Association, and the American Soybean Association, to name a few. Numerous sales have already been made. Even though trade is not the program objective, OICD is encouraged to continue to make trade a fringe benefit of the program.

ASSOCIATE PROFESSIONAL OFFICERS PROGRAM

The Committee is aware that the Department of Agriculture and the Agency for International Development have provided funding jointly to support U.S. participation in the Associate Professional Officers Program of the Food and Agriculture Organization [FAO] and related agencies. The United States provides substantial resources to international agencies such as FAO, the International Fund for Agricultural Development, and the World Food Program. The Committee is pleased that the United States has begun to use these organizations for training U.S. nationals in the international food issues, and it encourages USDA to continue providing funding for this program in the future.

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

1988 appropriation	$1,500,000
1989 budget estimate	
House allowance	1,000,000
Committee recommendation	1,500,000

As authorized by sections 104(b)(1) and 104(b)(3) of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), as amended, USDA uses foreign currencies to support agricultural and forestry research on problems of mutual interest to the United States and participating foreign countries. OICD represents all USDA agencies in this activity. Since the program's inception in 1958, over 2,000 projects valued at approximately $150,000,000 equivalent in foreign currency have been negotiated in 33 countries worldwide. The appropriation for scientific activities overseas is allotted as intergovernmental fund transfers when grants are obligated for cooperative research in foreign countries.

Research projects conducted abroad through grants negotiated with foreign research institutions and organizations are selected based on their relevance to priority U.S. agricultural concerns, such as preventing the incursion of animal diseases and exotic insects and developing plants that are drought tolerant, disease-resistant and more productive. Cooperative research benefits U.S. agriculture by developing markets for U.S. agricultural products and equipment, adding to knowledge of our environment, and cutting the cost of valuable research. It also provides access to unique agricultural ecosystems in order to study insects, weeds, and diseases which have entered the United States and have caused severe losses due to lack of biological control.

COMMITTEE RECOMMENDATION

The Foreign Currency Research Program provides a unique opportunity for U.S. agriculture to tap foreign resources to gain new technologies and germplasm. U.S. scientists, working collaboratively with foreign research leaders, bring to our shores new knowledge and materials that can help us cut production costs, combat insect and disease problems, and increase the competitiveness of U.S. agricultural products in the world marketplace. Because of this unique role, the Committee recommends up to $1,500,000 for purchasing foreign currencies for overseas research activities. This is the same level as was available in 1988, and $1,500,000 more than the budget estimate.

To illustrate types of benefits coming from this program, a major breakthrough in U.S. oat production occurred when the program located germplasm resistant to oat crown and stem rust a few years ago. These diseases are extremely parasitic and had been inflicting severe damage. All improved oat cultivars under commercial production in the United States today include genes to provide resistance, thanks to this program.

Similarly, a new sunflower variety was just recently released in North Dakota which provides resistance to downy mildew, thanks to germplasm located through the program. Other genetic materials located overseas through the program show promise for increased oil content, numbers and weights of seeds, and other critical production characteristics.

In a relatively new program area, U.S. aquaculture specialists have identified numerous opportunities for us to gain valuable aquaculture information through collaborative research in Yugoslavia, Pakistan, India, and Taiwan. Research underway in Taiwan regarding effects of paddle wheels on pond dynamics holds great promise, for example, as does work on growing prawn and fish together and related disease and nutrition studies.

A particularly important contribution of the Foreign Currency Research Program is the access it gives to research on exotic plant and animal disease not yet present in the United States, but which could easily be introduced. Coupled with this is studying natural controls which are present in native ecosystems to determine low-cost options for controlling these and other problems.

Research overseas is extremely cost effective, usually only about 20 percent of U.S. costs. In addition, many countries match the funding provided by the United States, thus further expanding the total research input. For only minimal investment, the program is providing sources of valuable genetic variability, allowing U.S. scientists to take advantage of plant and animal disease outbreaks overseas, and bringing to U.S. producers valuable information and technology to reduce production costs and improve our productive capability.

TITLE V—RELATED AGENCIES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

The mission of the Food and Drug Administration [FDA] is to ensure that (1) food is safe, pure, and wholesome; (2) cosmetics are safe; (3) human and animal drugs, biological products, and therapeutic devices are safe and effective; and (4) radiological products and use procedures do not result in unnecessary exposure to radiation.

Under the foods program, FDA sets food standards; evaluates food additives and packaging for potential health hazards; conducts research to reduce food-borne disease, to determine specific health impacts of hazardous substances in food and to develop methods for detecting them in foods; and maintains surveillance over foods through plant inspections, laboratory analyses, and legal action where necessary.

The drugs program includes the premarket review of human drugs and biological products in order to ensure their safety and efficacy, and the postmarketing monitoring of drug experience. FDA conducts manufacturer inspections and sample examinations to ensure industry compliance. Included under this program activity is the similar regulation of animal drugs, devices, and feeds as well as a program to assure the safety of animal-derived human foods.

The devices and radiological products program conducts premarket review and postmarket surveillance of medical devices to determine their safety and efficacy, and sets standards for the manufacture and use of radiological products to protect the public from unnecessary exposure to radiation. FDA monitors experience with medical devices, and conducts inspections of manufacturing plants and tests of radiological products to ensure compliance with regulations and standards.

For these three major product-oriented programs, the agency utilizes a wide variety of scientific skills to deal with the many types of products regulated and the many scientific decisions FDA must make. These skills range from field investigators, all of whom must have education in the physical or biological sciences, to chemists, microbiologists, engineers, medical officers, and scientists from many other disciplines. Similarly, FDA utilizes a variety of laboratory facilities, both to test products for safety and to conduct the research necessary to evaluate health hazards and to develop the means to detect product hazards and prevent them.

In addition, the National Center for Toxicological Research in Jefferson, AR, serves as a specialized resource for FDA's other program elements by advancing the science of toxicology. This facility conducts research to improve the base of scientific knowledge on which the agency makes decisions in assessing the risks of potentially toxic substances.

SALARIES AND EXPENSES

1988 appropriation	$450,504,000
1989 budget estimate	[1] 481,844,000
House allowance	481,844,000
Committee recommendation	481,844,000

[1] The budget proposed that $40,420,000 of this amount be appropriated to the Office of the Assistant Secretary for Health for AIDS research and education.

COMMITTEE RECOMMENDATIONS

For salaries and expenses, the Committee recommends $481,844,000. This amount is $31,340,000 more than the appropriation, the same as the budget estimate and the House level.

The Committee concurs with the House in maintaining separate accounts for salaries and expenses, buildings and facilities, and rental payments for FDA.

User fees.—For the first time in several years, the budget did not include proposed user fees for FDA inspection and approval of food, drugs, or medical devices. The Committee continues to oppose user fees and expects that, in future years, the FDA budget will be based on current law.

Product approval.—FDA has made substantial progress in reducing the delay in product approval applications, and the Committee expects that progress in reducing total review time will continue so as to permit patients the benefit of new medical technologies. In accord with the budget and House recommendations, the Committee provides $1,100,000 and 18 FTE's to enhance new device application reviews.

New drug evaluations.—In order that FDA may improve the quality and timeliness of its review of new drug applications, the Committee provides $1,000,000 and 16 FTE's for new drug application reviews.

Acquired immune deficiency.—FDA is expected to play a key role in developing and testing new drug therapies, vaccines, medical devices, and blood supply evaluations in response to the AIDS epidemic. The Committee recommends $40,420,000 and 147 FTE's for AIDS in concurrence with the budget and the House recommendations. The Committee notes that between 1988 and 1989, FDA staff working on AIDS will effectively double. In the future, the Committee expects the FDA budget to indicate staff and facilities requirements for AIDS for the fiscal year and over the long term, so that appropriate resource planning may be anticipated.

Surveillance of imported foods.—The budget included an increase of $2,760,000 and 41 FTE's for expansion of surveillance of imported foods. The Committee concurs with the House recommendation of $2,800,000 for food safety activities.

Urethane.—The Committee is concerned that no enforceable regulations exist to inform the public about the potential hazards of urethane contamination and, thereby, directs FDA to publish information on the levels of urethane present in various alcoholic beverages.

Food labeling.—The Committee expects FDA to initiate rulemaking during 1989 to define commonly used, vague, and misleading nutritional and health labeling claims such as lite, low-fat, natural, and others.

Orange juice adulteration.—Although progress has been made, the Committee continues to be concerned about the problem of orange juice adulteration and believes that FDA must continue to focus its enforcement efforts on orange juice adulteration and cooperate in any way possible with the citrus industry in efforts to reduce the economic harm that adulteration causes.

Citrus.—Since 1984, FDA has been engaged in a program with the Florida Department of Citrus to collect and analyze a number of seasonal, geographic, and varietal samples of orange. This information is important to the development of baseline data to support new and more precise analytical procedures that will allow FDA to identify and take action against misrepresented or adulterated orange juice. The Committee directs FDA, within available resources, to continue to work on this project. This work should include further sample analysis and testing, combined computer analysis of past and new data, and efforts to develop practical analytical procedures that take advantage of data that has been collected and analyzed.

Staff level.—The Committee recognizes FDA's need for sufficient staff to carry out its present mission, to expand its efforts against AIDS, and to improve its ability to ensure food safety and the effective review of new drugs and devices. Therefore, the Committee has included, in section 626 of the general provisions, language to assure that the agency's staff ceiling is set at a level of not less than 7,350 staff-years.

FDA BILL PROVISIONS

Temporary employees.—The Committee has included bill language that would enable FDA to hire personnel on a temporary basis to meet unforeseen circumstances.

Contact lens classifications.—Bill language is included by the Committee to impose class II regulations on certain contact lenses, unless FDA first determines that these lenses actually meet the class III definition. FDA will have until September 30, 1989 to accomplish this objective.

Scientific review groups.—Bill language is included to provide for the appointment of peer review groups by the Commissioner of FDA; such groups would be exempt from the Federal Advisory Committee Act.

Small business training and technical assistance.—The Committee recommends that up to $4,000,000 in 1989 funds for devices and radiological products be used for small businesses to obtain training and technical assistance in the approval process.

Training grants.—Statutory language is included to permit the FDA to make grants to public and nonprofit institutions to train health professionals and scientists in the field of regulatory review medicine. Of the funds available for human drugs and biologics, the Committee recommends $1,000,000 for this purpose.

Biotechnology.—The Committee includes bill language to provide for a demonstration project in biotechnology. Up to $3,000,000 of funds made available for human drugs and biologics may be used for this purpose.

Funding.—The Committee directs that any funding provided to these new activities will not adversely affect ongoing programs.

BUILDINGS AND FACILITIES

1988 appropriation	$1,450,000
1989 budget estimate	26,450,000
House allowance	23,950,000
Committee recommendation	26,450,000

In addition to Washington area laboratories which are in nine separate locations, there are 24 lab facilities around the country, including regular field laboratories and specialized facilities, as well as the NCTR complex. Continued repairs, modifications, and improvements to FDA headquarters and field facilities must be made to preserve the properties, ensure employee safety, meet changing program requirements, and permit the agency to keep its laboratory methods up to date.

COMMITTEE RECOMMENDATIONS

For FDA buildings and facilities, the Committee recommends $26,450,000. This amount is $25,000,000 more than the 1988 appropriation, the same as the budget request, and $2,500,000 more than the House level.

AIDS facility.—The 1989 budget estimate includes $25,000,000 for construction of new laboratory facilities at the National Institutes of Health campus to accommodate expansion of its AIDS-related work. Reprogramming of $2,500,000 in 1988 funds enabled initial planning to begin on the project; however, the Committee recognizes that restoration of these funds is necesssary to continue scheduled work at FDA's module 1 in Beltsville, MD. Therefore, the Committee includes the full $25,000,000 requested, with the expectation that FDA will retain full title of the new laboratory.

RENTAL PAYMENTS, FDA

1988 appropriation	$25,612,000
1989 budget estimate	25,612,000
House allowance	25,612,000
Committee recommendation	25,612,000

Annual appropriations are made to agencies of the Federal Government so that they can pay the General Services Administration [GSA] fees for rental of space and for related services.

The budget estimates for rental payments are based on GSA's projection of what it will bill agencies in the budget year. The agencies have no influence or control over how GSA sets their rates. Rental payments paid by agencies go into a fund to be used for other real property management operations, such as rental of buildings, repairs and alterations, and acquisition of new facilities. The concept behind rental payments is that all agencies pay the market value of the space they occupy, so that GSA will have the funds available to provide, in an efficient and coordinated way, for overall Federal space needs. However, in practice, agencies are paying prevailing commercial rental rates in order to subsidize the inflated cost of new construction and newly leased space, and to provide entirely for vacant space in GSA's inventory.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $25,612,000 for rental payments for the Food and Drug Administration. This amount is the same as the fiscal year 1988 appropriation, the budget estimate, and the House level.

Consolidation plan.—The Committee directs FDA to work with GSA to develop a plan detailing new options for lease or purchase of facilities to consolidate FDA's current Washington metropolitan area staff and to report to the Committee by June 30, 1988 on this plan.

DEPARTMENT OF THE TREASURY

PAYMENTS TO THE FARM CREDIT SYSTEM FINANCIAL ASSISTANCE CORPORATION

1988 appropriation	
1989 budget estimate	$175,000,000
House allowance	175,000,000
Committee recommendation	175,000,000

The Agricultural Credit Act of 1987 (Public Law 100–233) authorized such sums as necessary to be appropriated to the Secretary of the Treasury for payment to the Farm Credit System Assistance Corporation. These payments reimburse the Corporation for interest expenses on U.S. guaranteed debt issued by the Corporation. Assistance Corporation debt proceeds will be used to provide assistance to financially troubled system institutions. Beginning in fiscal 1989, Treasury will annually reimburse 100 percent of the Assistance Corporation interest expense incurred between now and January 1993. Between January 1993 and the ensuing 5 years, Treasury will reimburse 50 percent of the Assistance Corporation's interest expense, with system banks paying the balance. Thereafter all Assistance Corporation interest expense will be paid by system banks.

COMMITTEE RECOMMENDATIONS

For interest expenses incurred by the Farm Credit System Financial Assistance Corporation as authorized by the Farm Credit Assistance Board, the Committee recommends $175,000,000, the same as the budget estimate and the House level. Fiscal year 1989 is the first year that this appropriation is authorized.

INDEPENDENT AGENCIES

Commodity Futures Trading Commission

1988 appropriation	$32,813,000
1989 budget estimate	35,547,000
House allowance	33,898,000
Committee recommendation	35,547,000

The Commodity Futures Trading Commission [CFTC] was established as an independent agency by the Commodity Futures Trading Commission Act of 1974 (88 Stat. 1389; 7 U.S.C. 4a).

The Commission administers the Commodity Exchange Act, 7 U.S.C. section 1, et seq., Futures Trading Commission Act of 1974, and the Futures Trading Act of 1978. The act brought under Federal regulation futures trading in all goods, articles, services, rights, and interests; commodity options trading; and leverage trading in gold and silver bullion and coins; and otherwise strengthened the regulation of the commodity futures trading industry. It established a comprehensive regulatory structure to oversee the volatile futures trading complex.

The purpose of the Commission is to protect and further the economic utility of futures markets by encouraging their efficiency, assuring their integrity, and protecting participants against manipulation, abusive trade practices, fraud, and deceit. The objective is to enable the markets better to serve their designated functions of providing a price discovery mechanism and providing price risk insurance. In properly serving these functions, the futures markets contribute toward better planning, more efficient distribution and consumption, and more economical marketing.

Programs in support of the overall mission include market surveillance analysis and research; registration, audits, and contract markets; enforcement; proceedings; legal counsel; agency direction; and administrative support services. CFTC activities are carried out in Washington, DC, four regional offices located in Chicago, New York, Kansas City, and Los Angeles; and a branch office located in Minneapolis.

COMMITTEE RECOMMENDATIONS

For the Commodity Futures Trading Commission, the Committee recommends $35,547,000, the same as the budget request, $2,734,000 more than the amount provided in 1988, and $1,649,000 more than the House level. Included in this amount is $585,000 for enforcement activities.

FARM CREDIT ADMINISTRATION

LIMITATION ON REVOLVING FUND FOR ADMINISTRATIVE EXPENSES

1988 limitation	$35,000,000
1989 budget estimate	38,100,000
House allowance	35,000,000
Committee recommendation	35,000,000

The Farm Credit Administration [FCA] is the independent agency in the executive branch of the Government responsible for the examination and regulation of the banks, associations, and other institutions of the Farm Credit System.

Activities of the Farm Credit Administration include the planning and execution of examinations of Farm Credit System institutions and the preparation of examination reports. FCA also establishes standards, enforces rules and regulations, and approves certain actions of the institutions.

The administration and the institutions under its jurisdiction now operate under authorities contained in the Farm Credit Act of 1971, Public Law 92–181, effective December 10, 1971. Public Law 99–205, effective December 23, 1985, restructured FCA and gave the agency regulatory authorities and enforcement powers.

The act provides for the farmer-owned cooperative system to make sound, adequate, and constructive credit available to farmers and ranchers and their cooperatives, rural residences, and associations and other entities upon which farming operations are dependent, and to modernize existing farm credit law to meet current and future rural credit needs.

The Agricultural Credit Act of 1987 authorizes the formation of the Federal Agricultural Mortgage Corporation [FAMC] to operate a secondary market for agricultural and rural housing mortgages. The Farm Credit Administration, under section 8.11 of the Farm Credit Act of 1971, as amended, is assigned the responsibility of regulating this new entity and assuring its safe and sound operation.

Expenses of the Farm Credit Administration are paid by assessments collected from the banks of the Farm Credit System, and by assessments to the Federal Agricultural Mortgage Corporation.

COMMITTEE RECOMMENDATIONS

For the limitation on administrative expenses of the Farm Credit Administration, the Committee recommends $35,000,000. This amount is the same as the limitation in 1988, $3,100,000 less than the budget estimate, and the same as the House level.

The Committee has amended the House bill language clarifying that the expense limitation is to include both expenses incurred in the course of regulating the banks and associations of the Farm Credit System and those incurred in the regulation of the new Federal Agricultural Mortgage Corporation. The Agricultural Credit Act of 1987 directs the FCA to assess the Corporation to recover all costs associated with regulating this new Corporation. The Committee amendment clarifies the House bill language in this regard.

The Committee notes that the President's budget for the Farm Credit Administration did not identify the costs associated with this new activity. The Committee will expect FCA to identify the full costs associated with regulating this new market, including space costs and overhead, and to assess the Federal Agricultural Mortgage Corporation for them. It would be improper for the banks of the Farm Credit System to subsidize, in any manner, the costs associated with regulating or examining the Corporation. The Committee will expect the Farm Credit Administration to report to the Committee on the procedures and actions taken to ensure that the full costs associated with the Corporation are borne by the Corporation.

FARM CREDIT SYSTEM ASSISTANCE BOARD

LIMITATION ON ADMINISTRATIVE EXPENSES

1988 appropriation	
1989 budget estimate	
House allowance	$1,352,000
Committee recommendation	2,235,000

The Assistance Board was created by the Agricultural Credit Act of 1987 (Public Law 100–233) and was federally chartered in January 1988. Its members consist of the Secretaries of Treasury and Agriculture, and one other member appointed by the President with the consent of the Senate. The purposes of the Assistance Board are to authorize financial assistance to system banks, protect the stock of borrowers, and permit system banks to offer credit at competitive terms. If authorized, a system bank would issue preferred stock which would be purchased by the Farm Credit System Assistance Corporation, a new FCS institution also created by the 1987 Farm Credit Act.

The Assistance Board is also empowered to prescribe business operating plans and issue regulations to banks for whom assistance is authorized. Its authority will end December 31, 1992. Administrative costs of the Board will be paid by the Farm Credit System Financial Assistance Corporation.

COMMITTEE RECOMMENDATIONS

For a limitation on administrative expenses for the Farm Credit System Assistance Board, the Committee recommends $2,235,000, $883,000 more than the House recommendation. The agency was established in 1988, and there was no budget estimate.

The Committee concurs with the House provision stipulating that officers and employees of the Board be hired, promoted, compensated, and discharged in accordance with title 5, United States Code.

TITLE VI—GENERAL PROVISIONS

Sections 601–633 of the general provisions contained in the accompanying bill are essentially the same as those included in previous appropriations bills and in the House bill.

Section 621 is amended to treat user fee programs the same as appropriated accounts with regard to space rental and related costs. Section 626 is amended to provide a staff floor for the Food and Drug Administration, as discussed under that account. Section 633 has been amended to limit the amount of loan sales in the rural development insurance fund to the amount contemplated by the Omnibus Reconciliation Act of 1986 and the Continuing Appropriations Act of 1987.

The Committee has rejected several general provisions recommended by the House including: a provision limiting honey loans as reported under the "Commodity Credit Corporation" account; a provision limiting the amount of the Targeted Export Assistance Program to $110,000,000; a provision limiting the Export Enhancement Program to $770,000,000; and a provision regarding controlled substances in the workplace.

Section 634 divides the $500,000,000 in FFB prepayment authority that becomes available on October 1 between the telephone and electric programs—$150,000,000 for telephone program borrowers and $350,000,000 for electric program borrowers.

Section 635, regarding the Rural Telephone Bank, is discussed under that account.

Section 636, regarding the Sunflower Oil Assistance Program, is discussed under the "Foreign Agricultural Service" account.

Section 637 implements a sugar re-export program.

In the 1988 continuing resolution Congress enacted a special re-export program for the Caribbean Basin Initiative [CBI] countries and the Philippines. However, the administration said it was unable to implement the program because the provision did not provide adequate authority.

The special re-export program provided for in this bill addresses the issues raised by the administration and provides the necessary authority to carry out the program. This proposal would permit the administration to use surplus commodities to operate the special re-export program that will allow the CBI countries and the Philippines to export an additional 400,000 short tons of sugar into the United States, at United States prices, in addition to normal quotas. The program provides that an equivalent amount of sugar must be exported into world markets within 60 days so as not to affect the domestic sugar program adversely.

This program has become necessary because sugar is such a vital commodity to the CBI and the Philippines, and the lack of access to the United States market is threatening their economies and political stability.

This is a 1-year program, to be carried out during fiscal year 1989.

Section 638, regarding adult day care centers, is discussed under the "Child nutrition" account.

Section 639 has been added by the Committee to stipulate that any pay raises for fiscal year 1989 shall be absorbed within the levels appropriated in this act.

The Committee has added section 640 specifying that upon final enactment, the Director of the Office of Management and Budget and the agency heads shall comply with the statement of the managers accompanying the act.

Section 641 has been included by the Committee to recognize the seriousness of the drought throughout the country. The Committee debated at length a proposal to provide disaster assistance in the form of guaranteed deficiency payments to producers of wheat, feed grains, cotton, and rice. However, the Committee believes that drought assistance needs to be provided to all producers who suffer from the severe drought facing the country and unanimously agrees that an amendment should be included in this bill to provide assistance to those who have been damaged by the drought including those entitled to deficiency payments under the Food Security Act of 1985.

The Committee is concerend that the Rural Electrification Administration [REA] is preventing some cooperatives from repaying, without penalty, high interest loans made by the Federal Financing Bank and guaranteed by REA. The Committee has included bill language under section 642 providing that the Administrator of REA shall not withhold consent for asset sales by cooperatives selling hydroelectric assets which were not acquired or constructed with loan funds guaranteed by REA, nor shall the cooperatives be compelled to prepay such loans, nor pay a penalty if such loans are prepaid.

The Committee has struck the House provision imposing a 1-percent cut in domestic discretionary programs and has inserted in the bill in section 643 a provision providing for a 2-percent cut in such programs.

PROGRAM, PROJECT, AND ACTIVITY

During fiscal year 1989, for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) or the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100–119), the following information provides the definition of the term "program, project, and activity" for departments and agencies under the jurisdiction of the Rural Development, Agriculture, and Related Agencies Subcommittee. The term "program, project, and activity" shall include the most specific level of budget items identified in the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1989, the House and Senate Committee reports, and the conference report and accompanying joint explanatory statement of the managers of the committee of conference.

If a sequestration order is necessary, in implementing the Presidential order, departments and agencies shall apply any percentage reduction required for fiscal year 1989 pursuant to the provisions of Public Law 99–177 or Public Law 100–119 to all items specified in the explanatory notes submitted to the Committees on Appropriations of the House and Senate in support of the fiscal year 1989 budget estimates, as amended, for such departments and agencies, as modified by congressional action, and in addition:

For the Agricultural Research Service the definition shall include specific research locations as identified in the explanatory notes and lines of research specifically identifed in the reports of the House and Senate Appropriations Committees.

For the Soil Conservation Service the definition shall include individual flood prevention projects as identified in the explanatory notes and individual operational watershed projects as summarized in the notes.

For the Farmers Home Administration the definition shall include individual State, district, and county offices.

For the Agricultural Stabilization and Conservation Service the definition shall include individual State and county offices.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

1. The Committee recommends that subparagraph (A) of section 17(p)(3) of the National School Lunch Act (42 U.S.C. 1766) be amended as follows:

> (3)(A) The Secretary of Agriculture, in consultation with the Commissioner on Aging, [may] *shall* establish separate guidelines for reimbursement of institutions described in this subsection. *Such reimbursement shall take into account the nutritional requirements of eligible persons, as determined by the Secretary on the basis of tested nutritional research, except that such reimbursement shall not be less than would otherwise be required under this section.*

2. The Committee recommends the following paragraph be added to the National School Lunch Act (42 U.S.C. 1766) following subparagraph (B) of section 17 (p)(3):

> *(4) For the purpose of establishing eligibility for free or reduced-price meals or supplements under this subsection, income shall include only the income of an eligible person and the spouse, if any, with whom the eligible person resides.*
>
> *(5) A person described in paragraph (1) shall be considered automatically eligible for free meals or supplements under this subsection, without further application or eligibility determination, if the person is—*
>
> > *(A) a member of the household receiving assistance under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or*
> >
> > *(B) a recipient of assistance under title XVI or XIX of the Social Security Act (42 U.S.C. 1381 et seq.).*

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989

[Amounts in dollars]

Item	1988 appropriation	Budget estimate	House allowance	Committee recom- mendation	Senate committee recommendation compared with (+ or −)		
					1988 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE I - AGRICULTURAL PROGRAMS							
Production, Processing and Marketing							
Office of the Secretary	1,466,000	1,762,000	1,762,000	1,762,000	+296,000	---	---
Investigation of large payments	100,000	---	---	---	-100,000	---	---
Office of the Deputy Secretary	321,000	363,000	363,000	363,000	+42,000	---	---
Office of the Assistant Secretary for Special Services	416,000	---	150,000	---	-416,000	---	-150,000
Office of the Assistant Secretary for Administration	498,000	467,000	467,000	467,000	-31,000	---	---
Rental payments (USDA)	49,665,000	56,407,000	50,659,000	50,659,000	+994,000	-5,748,000	---
Building operations and maintenance	20,024,000	22,429,000	21,297,000	21,297,000	+1,273,000	-1,132,000	---
Advisory committees (USDA)	1,308,000	2,294,000	1,494,000	1,494,000	+186,000	-800,000	---
Hazardous waste management	2,000,000	10,000,000	5,000,000	5,000,000	+3,000,000	-5,000,000	---
Departmental administration	25,004,000	26,542,000	25,862,000	25,922,000	+918,000	-620,000	+60,000
Working Capital Fund	5,708,000	6,000,000	5,708,000	4,708,000	-1,000,000	-1,292,000	-1,000,000
Office of the Assistant Secretary for Governmental and Public Affairs	347,000	408,000	408,000	408,000	+61,000	---	---
Office of Governmental and Public Affairs:							
Public affairs	7,700,000	7,940,000	7,826,000	7,940,000	+240,000	---	+114,000
Congressional relations	497,000	500,000	497,000	500,000	+3,000	---	+3,000
Intergovernmental affairs	476,000	479,000	476,000	479,000	+3,000	---	+3,000
Total, Office of Governmental and Public Affairs	8,673,000	8,919,000	8,799,000	8,919,000	+246,000	---	+120,000

Office of the Inspector General	48,795,000	51,442,000	49,541,000	51,442,000	+2,647,000	---	+1,901,000
Office of the General Counsel	18,734,000	23,064,000	20,594,000	21,079,000	+2,345,000	-1,985,000	+485,000
Office of the Assistant Secretary for Economics	484,000	447,000	447,000	447,000	-37,000	---	---
Economic Research Service	48,186,000	49,771,000	49,336,000	49,336,000	+1,150,000	-435,000	---
National Agricultural Statistics Service	61,176,000	64,086,000	63,091,000	64,086,000	+2,910,000	---	+995,000
World Agricultural Outlook Board	1,730,000	1,906,000	1,820,000	1,836,000	+106,000	-70,000	+16,000
Office of the Assistant Secretary for Science and Education	386,000	432,000	432,000	432,000	+46,000	---	---
Agricultural Research Service	538,884,000	559,157,000	555,755,000	559,157,000	+20,273,000	---	+3,402,000
Special fund	1,800,000	1,800,000	1,800,000	1,800,000	---	---	---
Buildings and facilities	57,815,000	11,000,000	11,000,000	57,385,000	-430,000	+46,385,000	+46,385,000
Total, Agricultural Research Service	598,499,000	571,957,000	568,555,000	618,342,000	+19,843,000	+46,385,000	+49,787,000
Cooperative State Research Service	303,654,000	257,489,000	284,276,000	306,170,000	+2,516,000	+48,681,000	+21,894,000
Extension Service	318,336,000	299,542,000	316,880,000	359,012,000	+40,676,000	+59,470,000	+42,132,000
(Transfer from food stamp program)	(39,627,000)	---	(39,627,000)	---	(-39,627,000)	---	(-39,627,000)
Total, Extension Service	(357,963,000)	(299,542,000)	(356,507,000)	(359,012,000)	(+1,049,000)	(+59,470,000)	(+2,505,000)
National Agricultural Library	12,194,000	13,599,000	13,446,000	14,682,000	+2,488,000	+1,083,000	+1,236,000
Office of the Assistant Secretary for Marketing and Inspection Services	363,000	421,000	421,000	421,000	+58,000	---	---
Animal and Plant Health Inspection Service:							
Salaries and expenses	329,330,000	294,243,000	329,273,000	328,170,000	-1,160,000	+33,927,000	-1,103,000
Buildings and facilities	2,246,000	2,847,000	2,546,000	2,847,000	+601,000	---	+301,000
Total, Animal & Plant Health Inspection Service	331,576,000	297,090,000	331,819,000	331,017,000	-559,000	+33,927,000	-802,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

Item (1)	1988 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	Senate committee recommendation compared with (+ or −) 1988 appropriation (6)	Budget estimate (7)	House allowance (8)
Food Safety and Inspection Service....................	392,009,000	405,680,000	404,954,000	405,680,000	+13,671,000	---	+726,000
Federal Grain Inspection Service......................	7,020,000	8,255,000	8,115,000	8,255,000	+1,235,000	---	+140,000
Inspection and Weighing Services (limitation on administrative expenses, from fees collected)...	(36,856,000)	(36,856,000)	(36,856,000)	(36,856,000)	---	---	---
Agricultural Cooperative Service......................	4,611,000	2,303,000	4,655,000	4,655,000	+44,000	+2,352,000	---
Agricultural Marketing Service:							
Marketing Services................................	32,409,000	33,087,000	33,373,000	33,541,000	+1,132,000	+454,000	+168,000
(Limitation on administrative expenses, from fees collected)..............................	(30,628,000)	(31,701,000)	(31,701,000)	(34,000,000)	(+3,372,000)	(+2,299,000)	(+2,299,000)
Funds for strengthening markets, income, and supply (Section 32) (by transfer)............	(7,601,000)	(7,911,000)	(7,811,000)	(7,911,000)	(+310,000)	---	(+100,000)
Payments to States and possessions................	942,000	---	942,000	942,000	---	+942,000	---
Office of Transportation..........................	2,397,000	1,395,000	2,397,000	2,419,000	+22,000	+1,024,000	+22,000
Total, Agricultural Marketing Service...........	35,748,000	34,482,000	36,712,000	36,902,000	+1,154,000	+2,420,000	+190,000
Packers and Stockyards Administration.................	9,402,000	9,562,000	9,562,000	9,562,000	+160,000	---	---
Total, Production, Processing and Marketing.....	2,308,433,000	2,227,119,000	2,286,625,000	2,404,355,000	+95,922,000	+177,236,000	+117,730,000
Farm Income Stabilization							

Office of the Under Secretary for International Affairs and Commodity Programs	524,000	413,000	413,000	413,000	-111,000	---	---
Agricultural Stabilization and Conservation Service:							
(Transfer from Commodity Credit Corporation)	(565,000,000)	(580,000,000)	(580,000,000)	(580,000,000)	(+15,000,000)	---	---
Dairy indemnity program	95,000	---	5,000	5,000	-90,000	+5,000	---
Total, Farm Income Stabilization	(565,619,000)	(580,413,000)	(580,418,000)	(580,418,000)	(+14,799,000)	(+5,000)	---
CORPORATIONS							
Federal Crop Insurance Corporation:							
Administrative and operating expenses	200,000,000	217,970,000	200,426,000	203,571,000	+3,571,000	-14,399,000	+3,145,000
Federal crop insurance corporation fund	228,523,000	112,000,000	112,000,000	112,000,000	-116,523,000	---	---
Total, Federal Crop Insurance Corporation	428,523,000	329,970,000	312,426,000	315,571,000	-112,952,000	-14,399,000	+3,145,000
Commodity Credit Corporation:							
Reimbursement for net realized losses 1/	21,133,658,000	9,828,286,000	6,828,286,000	9,828,286,000	-11,305,372,000	---	+3,000,000,000
General Sales Manager (transfer from Commodity Credit Corporation)	(7,157,000)	(7,268,000)	(7,200,000)	(7,268,000)	(+111,000)	---	(+68,000)
Total, Corporations:							
New budget (obligational) authority	21,562,181,000	10,158,256,000	7,140,712,000	10,143,857,000	-11,418,324,000	-14,399,000	+3,003,145,000
(By transfer)	(7,157,000)	(7,268,000)	(7,200,000)	(7,268,000)	(+111,000)	---	(+68,000)
Total, title I, Agricultural Programs:							
New budget (obligational) authority	23,871,233,000	12,385,788,000	9,427,755,000	12,548,630,000	-11,322,603,000	+162,842,000	+3,120,875,000
(By transfer)	(611,784,000)	(587,268,000)	(626,827,000)	(587,268,000)	(-24,516,000)	---	(-39,559,000)
(Transfer from Sec. 32)	(7,601,000)	(7,911,000)	(7,811,000)	(7,911,000)	(+310,000)	---	(+100,000)
(Limitation on obligations)	(67,484,000)	(68,557,000)	(68,557,000)	(70,856,000)	(+3,372,000)	(+2,299,000)	(+2,299,000)

1/ Requested in the FY 1988 budget documents as a permanent indefinite appropriation and in 1989 as a current indefinite appropriation. Senate provides a current indefinite appropriation.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

Item	1988 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or −)		
					1988 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE II - RURAL DEVELOPMENT PROGRAMS							
Rural Development Assistance							
Office of the Under Secretary for Small Community and Rural Development..................................	440,000	418,000	418,000	418,000	-22,000	---	---
Farmers Home Administration:							
Rural Housing Insurance Fund:							
Insured loans (loan authorization)............	(1,844,420,000)	---	(1,844,420,000)	(1,693,854,000)	(-150,566,000)	(+1,693,854,000)	(-150,566,000)
Site loans (loan authorization)...............	(570,000)	---	(570,000)	(570,000)	---	(+570,000)	---
Collection and servicing contracts (limitation on obligations)............................	(10,000,000)	---	(10,000,000)	(10,000,000)	---	(+10,000,000)	---
Rent supplement authorization (limitation on obligations)............................	(275,310,000)	---	(275,310,000)	(275,310,000)	---	(+275,310,000)	---
Reimbursement for interest and other losses...	2,964,249,000	3,660,061,000	3,660,061,000	3,660,061,000	+695,812,000	---	---
Total, Rural Housing Insurance Fund:							
New budget (obligational) authority.....	2,964,249,000	3,660,061,000	3,660,061,000	3,660,061,000	+695,812,000	---	---
(Loan authorization)....................	(1,844,990,000)	---	(1,844,990,000)	(1,694,424,000)	(-150,566,000)	(+1,694,424,000)	(-150,566,000)
(Limitation on obligations).............	(285,310,000)	---	(285,310,000)	(285,310,000)	---	(+285,310,000)	---
Self-help Housing Land Development Fund (loan authorization)...........................	(500,000)	---	(500,000)	(500,000)	---	(+500,000)	---

Agricultural Credit Insurance Fund:							
Farm ownership loans (loan authorization):							
Insured	(115,000,000)	---	(115,000,000)	(75,000,000)	(-40,000,000)	(+75,000,000)	(-40,000,000)
Guaranteed	(390,000,000)	(100,000,000)	(454,000,000)	(494,000,000)	(+104,000,000)	(+394,000,000)	(+40,000,000)
Total, farm ownership loans (loan authorization)	(505,000,000)	(100,000,000)	(569,000,000)	(569,000,000)	(+64,000,000)	(+469,000,000)	---
Operating loans (loan authorization):							
Insured	(900,000,000)	(500,000,000)	(900,000,000)	(900,000,000)	---	(+400,000,000)	---
Guaranteed	(2,400,000,000)	(3,500,000,000)	(2,300,000,000)	(3,100,000,000)	(+700,000,000)	(-400,000,000)	(+800,000,000)
Total, operating loans (loan authorization)	(3,300,000,000)	(4,000,000,000)	(3,200,000,000)	(4,000,000,000)	(+700,000,000)	---	(+800,000,000)
Soil and water loans (loan authorization):							
Insured	(11,000,000)	---	(11,000,000)	(6,000,000)	(-5,000,000)	(+6,000,000)	(-5,000,000)
Guaranteed	(3,000,000)	---	(3,000,000)	(3,000,000)	---	(+3,000,000)	---
Total, soil and water loans (loan authorization)	(14,000,000)	---	(14,000,000)	(9,000,000)	(-5,000,000)	(+9,000,000)	(-5,000,000)
Indian tribe land acquisition loans (loan authorization)	(2,000,000)	---	(2,000,000)	(2,000,000)	---	(+2,000,000)	---
Emergency disaster loans (loan authorization)	(600,000,000)	(100,000,000)	(600,000,000)	(600,000,000)	---	(+500,000,000)	---
Watershed and flood prevention (loan authorization)	(7,949,000)	---	(7,949,000)	(7,949,000)	---	(+7,949,000)	---
Resource conservation loans (loan authorization)	(1,207,000)	---	(1,207,000)	(1,207,000)	---	(+1,207,000)	---
State mediation program (by transfer)	---	---	---	(3,000,000)	(+3,000,000)	(+3,000,000)	(+3,000,000)
Reimbursement for interest and other losses	3,627,153,000	3,467,596,000	3,467,596,000	3,467,596,000	-159,557,000	---	---
Total, Agricultural Credit Insurance Fund:							
New budget (obligational) authority	3,627,153,000	3,467,596,000	3,467,596,000	3,467,596,000	-159,557,000	---	---
(Loan authorization)	(4,430,156,000)	(4,200,000,000)	(4,394,156,000)	(5,189,156,000)	(+759,000,000)	(+989,156,000)	(+795,000,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

Item (1)	1988 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	Senate committee recommendation compared with (+ or −) 1988 appropriation (6)	Budget estimate (7)	House allowance (8)
Rural Development Insurance Fund:							
Water and sewer facility loans (loan authorization)........................	(330,380,000)	(250,000,000)	(330,380,000)	(330,380,000)	---	(+80,380,000)	---
Industrial development loans: Guaranteed (loan authorization)........................	(95,700,000)	(95,700,000)	(95,700,000)	(95,700,000)	---	---	---
Community facility loans (loan authorization).	(95,700,000)	(50,000,000)	(95,700,000)	(95,700,000)	---	(+45,700,000)	---
Reimbursement for interest and other losses...	842,682,000	1,607,047,000	1,607,047,000	1,607,047,000	+764,365,000	---	---
Total, Rural Development Insurance Fund:							
New budget (obligational) authority.....	842,682,000	1,607,047,000	1,607,047,000	1,607,047,000	+764,365,000	---	---
(Loan authorization)....................	(521,780,000)	(395,700,000)	(521,780,000)	(521,780,000)	---	(+126,080,000)	---
Rural Development Loan Fund (loan authorization)............................	(14,000,000)	---	(6,500,000)	(14,000,000)	---	(+14,000,000)	(+7,500,000)
Rural water and waste disposal grants.............	109,395,000	75,000,000	109,395,000	109,395,000	---	+34,395,000	---
Very low-income housing repair grants.............	12,500,000	---	12,500,000	12,500,000	---	+12,500,000	---
Rural housing for domestic farm labor.............	9,513,000	---	9,513,000	9,513,000	---	+9,513,000	---
Mutual and self-help housing......................	8,000,000	---	8,000,000	8,000,000	---	+8,000,000	---
Rural community fire protection grants............	3,091,000	---	3,091,000	3,091,000	---	+3,091,000	---
Compensation for construction defects.............	713,000	---	500,000	713,000	---	+713,000	+213,000
Rural rental assistance payments (voucher program)	---	381,600,000	---	---	---	-381,600,000	---
Rural housing preservation grants.................	19,140,000	---	19,140,000	19,140,000	---	+19,140,000	---
Rural development grants..........................	6,500,000	---	540,000	6,500,000	---	+6,500,000	+5,960,000
Office of the Administrator.......................	600,000	---	600,000	---	-600,000	---	-600,000

Salaries and expenses	407,634,000	420,188,000	414,734,000	415,334,000	+7,700,000	-4,854,000	+600,000
(Transfer from loan accounts)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	---	---	---
Total, salaries and expenses	(411,634,000)	(424,188,000)	(418,734,000)	(419,334,000)	(+7,700,000)	(-4,854,000)	(+600,000)
Total, Farmers Home Administration:							
New budget (obligational) authority	8,011,170,000	9,611,492,000	9,312,717,000	9,318,890,000	+1,307,720,000	-292,602,000	+6,173,000
(By transfer)	(4,000,000)	(4,000,000)	(4,000,000)	(7,000,000)	(+3,000,000)	(+3,000,000)	(+3,000,000)
(Loan authorization)	(6,811,426,000)	(4,595,700,000)	(6,767,926,000)	(7,419,860,000)	(+608,434,000)	(+2,824,160,000)	(+651,934,000)
(Limitation on obligations)	(285,310,000)	---	(285,310,000)	(285,310,000)	---	(+285,310,000)	---
Rural Electrification Administration:							
Rural electrification & telephone revolving fund:							
Direct loans:							
Insured loans:							
Electric	(622,050,000)	---	(622,050,000)	(622,050,000)	---	(+622,050,000)	---
Telephone	(239,250,000)	---	(239,250,000)	(239,250,000)	---	(+239,250,000)	---
Total, insured loans (loan authorization)	(861,300,000)	---	(861,300,000)	(861,300,000)	---	(+861,300,000)	---
Guaranteed loans:							
Electric	(813,450,000)	---	(813,450,000)	(813,450,000)	---	(+813,450,000)	---
Telephone	(119,625,000)	---	(119,625,000)	(119,625,000)	---	(+119,625,000)	---
Total, guaranteed loans (loan authorization)	(933,075,000)	---	(933,075,000)	(933,075,000)	---	(+933,075,000)	---
Reimbursement for interest and other losses	327,675,000	---	327,675,000	341,000,000	+13,325,000	+341,000,000	+13,325,000
Total, Rural electrification and telephone revolving fund:							
New budget (obligational) authority	327,675,000	---	327,675,000	341,000,000	+13,325,000	+341,000,000	+13,325,000
(Loan authorization)	(1,794,375,000)	---	(1,794,375,000)	(1,794,375,000)	---	(+1,794,375,000)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

					Senate committee recommendation compared with (+ or −)		
Item (1)	1988 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	1988 appropriation (6)	Budget estimate (7)	House allowance (8)
Rural telephone bank	28,710,000	---	28,710,000	28,710,000	---	+28,710,000	---
Direct loans (limitation on obligations)	(177,045,000)	(177,045,000)	(177,045,000)	(177,045,000)	---	---	---
Rural communication development fund	1,309,000	1,447,000	1,447,000	1,447,000	+138,000	---	---
Rural economic development subaccount	---	---	---	540,000	+540,000	+540,000	+540,000
Office of the Administrator	155,000	---	160,000	---	-155,000	---	-160,000
Salaries and expenses	30,713,000	22,137,000	31,124,000	31,284,000	+571,000	+9,147,000	+160,000
Total, Rural Electrification Administration:							
New budget (obligational) authority	388,562,000	23,584,000	389,116,000	402,981,000	+14,419,000	+379,397,000	+13,865,000
(Loan authorization)	(1,794,375,000)	---	(1,794,375,000)	(1,794,375,000)	---	(+1,794,375,000)	---
(Limitation on obligations)	(177,045,000)	(177,045,000)	(177,045,000)	(177,045,000)	---	---	---
Total, Rural Development Assistance:							
New budget (obligational) authority	8,400,172,000	9,635,494,000	9,702,251,000	9,722,289,000	+1,322,117,000	+86,795,000	+20,038,000
(By transfer)	(4,000,000)	(4,000,000)	(4,000,000)	(7,000,000)	(+3,000,000)	(+3,000,000)	(+3,000,000)
(Loan authorization)	(8,605,801,000)	(4,595,700,000)	(8,562,301,000)	(9,214,235,000)	(+608,434,000)	(+4,618,535,000)	(+651,934,000)
(Limitation on obligations)	(462,355,000)	(177,045,000)	(462,355,000)	(462,355,000)	---	(+285,310,000)	---
Conservation							
Office of the Assistant Secretary for Natural Resources and Environment	---	461,000	---	461,000	+461,000	---	+461,000
Soil Conservation Service:							
Conservation operations	398,670,000	455,208,000	403,262,000	406,846,000	+8,176,000	-48,362,000	+3,584,000
River basin surveys and investigations	12,051,000	---	12,051,000	12,051,000	---	+12,051,000	---

Watershed planning	8,651,000	---	8,651,000	8,651,000	---	+8,651,000	---
Watershed and flood prevention operations	165,873,000	---	172,373,000	172,373,000	+6,500,000	+172,373,000	---
Resource conservation and development	25,120,000	25,020,000	25,120,000	25,120,000	---	+100,000	---
Great Plains conservation program	20,474,000	6,013,000	20,474,000	20,474,000	---	+14,461,000	---
Water resource management and protection	---	116,000,000	---	---	---	-116,000,000	---
Total, Soil Conservation Service	630,839,000	602,241,000	641,931,000	645,515,000	+14,676,000	+43,274,000	+3,584,000
Agricultural Stabilization and Conservation Service:							
Agricultural conservation program	176,935,000	---	176,935,000	176,935,000	---	+176,935,000	---
Forestry incentives program	11,891,000	---	11,891,000	13,000,000	+1,109,000	+13,000,000	+1,109,000
Water bank program	8,371,000	---	5,000,000	12,000,000	+3,629,000	+12,000,000	+7,000,000
Emergency conservation program	1,000,000	---	3,000,000	5,000,000	+4,000,000	+5,000,000	+2,000,000
Colorado River Basin salinity control program	4,904,000	---	4,904,000	6,000,000	+1,096,000	+6,000,000	+1,096,000
Conservation reserve program	1,131,000,000	572,000,000	572,000,000	572,000,000	-559,000,000	---	---
Conservation reserve program (mandatory)	---	1,292,000,000	1,292,000,000	1,292,000,000	+1,292,000,000	---	---
Total, Agricultural Stabilization and Conservation Service	1,334,101,000	1,864,000,000	2,065,730,000	2,076,935,000	+742,834,000	+212,935,000	+11,205,000
Total, Conservation:							
New budget (obligational) authority	1,964,940,000	2,466,702,000	2,707,661,000	2,722,911,000	+757,971,000	+256,209,000	+15,250,000
Total, title II, Rural Development Programs:							
New budget (obligational) authority	10,365,112,000	12,102,196,000	12,409,912,000	12,445,200,000	+2,080,088,000	+343,004,000	+35,288,000
(By transfer)	(4,000,000)	(4,000,000)	(4,000,000)	(7,000,000)	(+3,000,000)	(+3,000,000)	(+3,000,000)
(Loan authorization)	(8,605,801,000)	(4,595,700,000)	(8,562,301,000)	(9,214,235,000)	(+608,434,000)	(+4,618,535,000)	(+651,934,000)
(Limitation on obligations)	(462,355,000)	(177,045,000)	(462,355,000)	(462,355,000)	---	(+285,310,000)	---
TITLE III - DOMESTIC FOOD PROGRAMS							
Office of the Assistant Secretary for Food and Consumer Services	365,000	406,000	406,000	406,000	+41,000	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

Item (1)	1988 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or -)		
					1988 appropriation (6)	Budget estimate (7)	House allowance (8)
Food and Nutrition Service:							
Child nutrition programs	679,826,000	515,855,000	530,855,000	480,544,000	-199,282,000	-35,311,000	-50,311,000
(Transfer from sec. 32)	(3,817,803,000)	(4,093,272,000)	(4,093,272,000)	(4,093,272,000)	(+275,469,000)	---	---
Total, Child nutrition programs	(4,497,629,000)	(4,609,127,000)	(4,624,127,000)	(4,573,816,000)	(+76,187,000)	(-35,311,000)	(-50,311,000)
Special milk program	21,500,000	19,925,000	19,925,000	19,925,000	-1,575,000	---	---
Special supplemental food program for women, infants and children (WIC)	1,802,363,000	1,876,749,000	1,927,362,000	1,927,362,000	+124,999,000	+50,613,000	---
Commodity supplemental food program	50,000,000	47,099,000	53,500,000	50,000,000	---	+2,901,000	-3,500,000
Food stamp program	12,678,507,000	12,519,705,000	12,519,705,000	12,504,705,000	-173,802,000	-15,000,000	-15,000,000
Nutrition assistance for Puerto Rico	879,250,000	908,250,000	908,250,000	908,250,000	+29,000,000	---	---
Total, Food stamp program	13,557,757,000	13,427,955,000	13,427,955,000	13,412,955,000	-144,802,000	-15,000,000	-15,000,000
Food donations programs for selected groups:							
Needy family program	53,796,000	57,854,000	57,854,000	48,751,000	-5,045,000	-9,103,000	-9,103,000
Elderly feeding program	140,312,000	141,293,000	141,293,000	150,396,000	+10,084,000	+9,103,000	+9,103,000
Total, Food donations programs	194,108,000	199,147,000	199,147,000	199,147,000	+5,039,000	---	---
Temporary emergency food assistance program	50,000,000	---	50,000,000	50,000,000	---	+50,000,000	---

Food program administration	85,828,000	94,825,000	86,494,000	91,952,000	+6,124,000	-2,873,000	+5,458,000
Total, Food and Nutrition Service	16,441,382,000	16,181,555,000	16,295,238,000	16,231,885,000	-209,497,000	+50,330,000	-63,353,000
Human Nutrition Information Service	8,623,000	9,288,000	9,013,000	8,823,000	+200,000	-465,000	-190,000
Total, title III, Domestic Food Programs:							
New budget (obligational) authority	16,450,370,000	16,191,249,000	16,304,657,000	16,241,114,000	-209,256,000	+49,865,000	-63,543,000
(Transfer from sec. 32)	(3,817,803,000)	(4,093,272,000)	(4,093,272,000)	(4,093,272,000)	(+275,469,000)	---	---
TITLE IV - INTERNATIONAL PROGRAMS							
Foreign Agricultural Service	92,017,000	89,057,000	92,017,000	100,900,000	+8,883,000	+11,843,000	+8,883,000
Agricultural aid and trade missions	200,000	---	400,000	---	-200,000	---	-400,000
Public Law 480:							
Title I and III - Credit sales:							
Program level	(852,000,000)	(812,000,000)	(817,000,000)	(851,900,000)	(-100,000)	(+39,900,000)	(+34,900,000)
Direct loans	(749,300,000)	(734,700,000)	(749,300,000)	(773,000,000)	(+23,700,000)	(+38,300,000)	(+23,700,000)
Ocean freight differential	(102,700,000)	(77,300,000)	(102,700,000)	(79,000,000)	(-23,700,000)	(+1,700,000)	(-23,700,000)
Appropriation	429,596,000	428,200,000	428,200,000	468,100,000	+38,504,000	+39,900,000	+39,900,000
Title II - Commodities for disposition abroad:							
Program level	(630,000,000)	(595,000,000)	(630,000,000)	(630,000,000)	---	(+35,000,000)	---
Appropriation	630,000,000	595,000,000	630,000,000	630,000,000	---	+35,000,000	---
Total, Public Law 480:							
Program level	(1,482,000,000)	(1,407,000,000)	(1,447,000,000)	(1,481,900,000)	(-100,000)	(+74,900,000)	(+34,900,000)
Appropriation	1,059,596,000	1,023,200,000	1,058,200,000	1,098,100,000	+38,504,000	+74,900,000	+39,900,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1988 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1989—Continued

[Amounts in dollars]

					Senate committee recommendation compared with (+ or −)		
Item (1)	1988 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	1988 appropriation (6)	Budget estimate (7)	House allowance (8)
Office of International Cooperation and Development...	5,295,000	3,972,000	3,827,000	5,319,000	+24,000	+1,347,000	+1,492,000
Scientific activities overseas (foreign currency program)........	1,500,000	---	1,000,000	1,500,000	---	+1,500,000	+500,000
Total, title IV, International Programs: New budget (obligational) authority.........	1,158,608,000	1,116,229,000	1,155,444,000	1,205,819,000	+47,211,000	+89,590,000	+50,375,000
TITLE V - RELATED AGENCIES							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Food and Drug Administration:							
Salaries and expenses..........	425,734,000	441,424,000	441,424,000	441,424,000	+15,690,000	---	---
Acquired Immune Deficiency activities..........	24,770,000	40,420,000	40,420,000	40,420,000	+15,650,000	---	---
Buildings and facilities..........	1,450,000	26,450,000	23,950,000	26,450,000	+25,000,000	---	+2,500,000
Rental payments (FDA)..........	25,612,000	25,612,000	25,612,000	25,612,000	---	---	---
Total, Food and Drug Administration..........	477,566,000	533,906,000	531,406,000	533,906,000	+56,340,000	---	+2,500,000
DEPARTMENT OF TREASURY							
Financial Management Service:							
Payments to the farm credit system financial assistance corporation..........	---	175,000,000	175,000,000	175,000,000	+175,000,000	---	---

INDEPENDENT AGENCIES

Commodity Futures Trading Commission	32,813,000	35,547,000	33,898,000	35,547,000	+2,734,000	---	+1,649,000
Farm Credit Administration (limitation on administrative expenses)	(35,000,000)	(38,100,000)	(35,000,000)	(35,000,000)	---	(-3,100,000)	---
Farm Credit System Assistance Board (limitation on administrative expenses)	---	---	(1,352,000)	(2,235,000)	(+2,235,000)	(+2,235,000)	(+883,000)
Total, title V, Related Agencies:							
New budget (obligational) authority	510,379,000	744,453,000	740,304,000	744,453,000	+234,074,000	---	+4,149,000
(Limitation on obligations)	(35,000,000)	(38,100,000)	(36,352,000)	(37,235,000)	(+2,235,000)	(-865,000)	(+883,000)

RECAPITULATION

Grand Total:							
New budget (obligational) authority	52,355,702,000	42,539,915,000	40,038,072,000	43,185,216,000	-9,170,486,000	+645,301,000	+3,147,144,000
(By transfer)	(615,784,000)	(591,268,000)	(630,827,000)	(594,268,000)	(-21,516,000)	(+3,000,000)	(-36,559,000)
(Loan authorization)	(8,605,801,000)	(4,595,700,000)	(8,562,301,000)	(9,214,235,000)	(+608,434,000)	(+4,618,535,000)	(+651,934,000)
(Limitation on obligations)	(564,839,000)	(283,702,000)	(567,264,000)	(570,446,000)	(+5,607,000)	(+286,744,000)	(+3,182,000)
Title I - Agricultural programs	23,871,233,000	12,385,788,000	9,427,755,000	12,548,630,000	-11,322,603,000	+162,842,000	+3,120,875,000
Title II - Rural development programs	10,365,112,000	12,102,196,000	12,409,912,000	12,445,200,000	+2,080,088,000	+343,004,000	+35,288,000
Title III - Domestic food programs	16,450,370,000	16,191,249,000	16,304,657,000	16,241,114,000	-209,256,000	+49,865,000	-63,543,000
Title IV - International programs	1,158,608,000	1,116,229,000	1,155,444,000	1,205,819,000	+47,211,000	+89,590,000	+50,375,000
Title V - Related agencies	510,379,000	744,453,000	740,304,000	744,453,000	+234,074,000	---	+4,149,000
Total, new budget (obligational) authority	52,355,702,000	42,539,915,000	40,038,072,000	43,185,216,000	-9,170,486,000	+645,301,000	+3,147,144,000
Transfer from sec. 32 (Customs Receipts)	3,825,404,000	4,101,183,000	4,101,083,000	4,101,183,000	+275,779,000	---	+100,000
Total obligational authority	56,181,106,000	46,641,098,000	44,139,155,000	47,286,399,000	-8,894,707,000	+645,301,000	+3,147,244,000
Memoranda:							
Direct and insured loan level	4,977,555,000	1,077,045,000	4,970,055,000	4,781,989,000	-195,566,000	+3,704,944,000	-188,066,000
Guaranteed loan level	3,821,775,000	3,695,700,000	3,785,775,000	4,625,775,000	+804,000,000	+930,075,000	+840,000,000
Transfers from Commodity Credit Corporation.	565,000,000	580,000,000	580,000,000	580,000,000	+15,000,000	---	---